

MILLENNIUM CHALLENGE REAUTHORIZATION ACT OF  
2006

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JULY 13, 2006.—Committed to the Committee of the Whole House on the State of  
the Union and ordered to be printed

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Mr. HYDE, from the Committee on International Relations,  
submitted the following

R E P O R T

[To accompany H.R. 4014]

[Including cost estimate of the Congressional Budget Office]

The Committee on International Relations, to whom was referred the bill (H.R. 4014) to reauthorize the Millennium Challenge Act of 2003, and for other purposes, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

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## THE AMENDMENT

The amendment is as follows:  
Strike all after the enacting clause and insert the following:

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

(a) **SHORT TITLE.**—This Act may be cited as the “Millennium Challenge Reauthorization Act of 2006”.

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

Sec. 1. Short title; table of contents.  
Sec. 2. Purposes.  
Sec. 3. Establishment and management of Millennium Challenge Corporation.  
Sec. 4. Authorization of assistance.  
Sec. 5. Millennium Challenge Compact.  
Sec. 6. Congressional and public notification of Compact.  
Sec. 7. Annual report.  
Sec. 8. Powers of the Corporation; related provisions.  
Sec. 9. Assistance to certain candidate countries.  
Sec. 10. Authorization of appropriations.

**SEC. 2. PURPOSES.**

Section 602(2) of the Millennium Challenge Act of 2003 (22 U.S.C. 7701(2)) is amended by striking “economic growth” and all that follows and inserting the following: “the reduction of poverty through sustainable, broad-based economic growth, including by strengthening good governance, promoting economic opportunities, and investing in people, as needed.”.

**SEC. 3. ESTABLISHMENT AND MANAGEMENT OF MILLENNIUM CHALLENGE CORPORATION.**

Section 604(b)(2) of the Millennium Challenge Act of 2003 (22 U.S.C. 7703(b)(2)) is amended—

- (1) by striking “APPOINTMENT” and all that follows through “the Chief Executive Officer shall be appointed” and inserting the following: “APPOINTMENT.—The Chief Executive Officer shall be appointed”; and
- (2) by striking subparagraph (B).

**SEC. 4. AUTHORIZATION OF ASSISTANCE.**

(a) **ASSISTANCE.**—Section 605(a) of the Millennium Challenge Act of 2003 (22 U.S.C. 7704(a)) is amended by striking “in achieving lasting economic growth and poverty reduction” and inserting “in reducing poverty through sustainable, broad-based economic growth, including by strengthening good governance, promoting economic opportunities, and investing in people, as needed.”.

(b) **LIMITATIONS.**—Section 605(e)(4) of the Millennium Challenge Act of 2003 (22 U.S.C. 7704(e)(4)) is amended in the second sentence—

- (1) by striking “eleventh and fourteenth provisos” and inserting “eighth and twelfth provisos”;
- (2) by striking “division E of Public Law 108–7 (117 Stat. 162)” and inserting “Public Law 109–102 (119 Stat. 2174–2176)”; and
- (3) by striking “2004” and inserting “2007”.

**SEC. 5. MILLENNIUM CHALLENGE COMPACT.**

(a) **ELEMENTS.**—Section 609(b)(1) of the Millennium Challenge Act of 2003 (22 U.S.C. 7708(b)(1)) is amended—

- (1) in subparagraph (D), by adding at the end before the semicolon the following: “, and an analysis of how the intended beneficiaries will participate in, or be impacted by, each project”;
- (2) in subparagraph (J), by striking “and” at the end;
- (3) in subparagraph (K), by striking the period at the end and inserting “; and” ; and
- (4) by adding at the end the following new subparagraph:

“(L) an analysis of the extent to which each project carried out under the Compact will contribute to reducing poverty through sustainable, broad-based economic growth, including by strengthening good governance, promoting economic opportunities, and investing in people, as needed.”.

(b) **LOCAL INPUT.**—Section 609(d) of the Millennium Challenge Act of 2003 (22 U.S.C. 7708(d)) is amended—

- (1) in paragraph (1), by striking “and” at the end;
- (2) by redesignating paragraph (2) as paragraph (3); and
- (3) by inserting after paragraph (1) the following new paragraph:  
“(2) consults with the national legislature of the eligible country; and”.

(c) **DURATION OF COMPACT.**—Section 609(j) of the Millennium Challenge Act of 2003 (22 U.S.C. 7708(j)) is amended—

- (1) by striking “The duration” and inserting the following:

“(1) IN GENERAL.—Except as provided in paragraph (2), the duration”; and  
 (2) by adding at the end the following new paragraph:

“(2) EXCEPTION.—

“(A) IN GENERAL.—A Compact shall not include a project with a duration of more than 5 years unless the Board—

“(i) determines that the project cannot be completed in 5 years or less; and

“(ii) approves a duration for the project of not more than 10 years.

“(B) CONGRESSIONAL NOTIFICATION.—Not later than 15 days after the Board approves a duration for a project pursuant to subparagraph (A)(ii), the Board, acting through the Chief Executive Officer, shall submit to the appropriate congressional committees a notification of such approval, including a detailed explanation for the determination and approval.”.

(d) CONCURRENT AND SUBSEQUENT COMPACTS.—Section 609 of the Millennium Challenge Act of 2003 (22 U.S.C. 7708) is amended—

(1) by striking subsection (k); and

(2) by inserting at the end the following new subsection:

“(k) CONCURRENT AND SUBSEQUENT COMPACTS.—

“(1) IN GENERAL.—Subject to the requirements of paragraph (2), and in accordance with the requirements of this title, an eligible country and the United States—

“(A) may enter into and have in effect not more than two Compacts at any given time under this section; and

“(B) may enter into subsequent Compacts after the expiration of the existing Compact or Compacts.

“(2) REQUIREMENTS.—

“(A) CONCURRENT COMPACTS.—An eligible country and the United States may enter into a concurrent Compact only if the Board determines that the country is making considerable and demonstrable progress in implementing the terms of its existing Compact and supplementary agreements thereto.

“(B) SUBSEQUENT COMPACTS.—An eligible country and the United States may enter into subsequent Compacts if the Board determines that the country substantially met the objectives of prior Compacts between the country and the United States and supplementary agreements thereto.”.

(e) EFFECTIVE DATES.—

(1) AMENDMENTS RELATING TO ENTRY INTO COMPACT.—The amendments made by subsections (a) and (b) apply with respect to Compacts entered into between the United States and an eligible country under the Millennium Challenge Act of 2003 (22 U.S.C. 7701 et seq.) on or after October 1, 2006, or the date of the enactment of this Act, whichever occurs later.

(2) AMENDMENTS RELATING TO DURATION AND TYPE OF COMPACT.—The amendments made by subsections (c) and (d) apply with respect to Compacts entered into between the United States and an eligible country under the Millennium Challenge Act of 2003 (22 U.S.C. 7701 et seq.) before, on, or after the date of the enactment of this Act.

#### SEC. 6. CONGRESSIONAL AND PUBLIC NOTIFICATION OF COMPACT.

(a) CONGRESSIONAL NOTIFICATION PRIOR TO SIGNING A COMPACT.—Section 610 of the Millennium Challenge Act of 2003 (22 U.S.C. 7709(a)) is amended—

(1) by redesignating subsection (b) as subsection (c); and

(2) by inserting after subsection (a) the following new subsection:

“(b) CONGRESSIONAL NOTIFICATION PRIOR TO SIGNING A COMPACT.—Not later than 15 days prior to signing a Compact with an eligible country, the Board, acting through the Chief Executive Officer, shall provide notification of the proposed Compact, including a detailed summary of the Compact and a copy of the text of the Compact, to the appropriate congressional committees in accordance with the procedures applicable to reprogramming notifications under section 634A of the Foreign Assistance Act of 1961.”.

(b) PUBLIC NOTIFICATION AFTER ENTERING INTO A COMPACT.—Section 610(c) of the Millennium Challenge Act of 2003 (as redesignated by subsection (a)(1) of this section) is amended by striking “Chief Executive Officer” and all that follows and inserting “Chief Executive Officer shall publish such detailed summary of the Compact in the Federal Register and shall publish such detailed summary and the text of the Compact (including a copy of any annexes or supplementary agreements thereto) on the Internet website of the Corporation.”.

(c) EFFECTIVE DATE.—The amendments made by subsections (a) and (b) apply with respect to Compacts approved pursuant to section 609(h) of the Millennium

Challenge Act of 2003 (22 U.S.C. 7708(h)) on or after the date of the enactment of this Act.

**SEC. 7. ANNUAL REPORT.**

(a) **AMENDMENT.**—Section 613(b) of the Millennium Challenge Act of 2003 (22 U.S.C. 7712(b)) is amended by adding at the end the following new paragraphs:

“(6) A description of recruitment and employment of members of minority groups at the Corporation, including, to the maximum extent practicable, the numbers and percentages of members of all minority groups who have been recruited by and employed at the Corporation during the prior fiscal year.

“(7) A description of the extent to which the requirement of section 614(h) has been met for the prior fiscal year, including, to the maximum extent practicable, information on—

“(A) the numbers and percentages of small, minority-owned, or disadvantaged business enterprises that provide goods and services that are financed with funds made available under section 609(g), section 614(g), and section 616 during such prior fiscal year;

“(B) the total number of contracts with such business enterprises for such purposes during such prior fiscal year;

“(C) the total dollar value of such contracts; and

“(D) the percentage value represented by such contracts proportionate to the total value of all contracts held by the Corporation that are financed with funds made available under section 609(g), section 614(g), and section 616 during such prior fiscal year.”.

(b) **EFFECTIVE DATE.**—The amendment made by subsection (a) applies with respect to the report required to be submitted to Congress under section 613 of the Millennium Challenge Act of 2003 (22 U.S.C. 7712) for fiscal year 2007 and each subsequent fiscal year.

**SEC. 8. POWERS OF THE CORPORATION; RELATED PROVISIONS.**

(a) **AMENDMENT.**—Section 614 of the Millennium Challenge Act of 2003 (22 U.S.C. 7713) is amended by adding at the end the following new subsection:

“(h) **PARTICIPATION OF CERTAIN UNITED STATES BUSINESSES.**—To the maximum extent practicable, the President, acting through the Chief Executive Officer, shall ensure that United States small, minority-owned, and disadvantaged business enterprises fully participate in the provision of goods and services that are financed with funds made available under section 609(g), subsection (g) of this section, and section 616.”.

(b) **EFFECTIVE DATE.**—The amendment made by subsection (a) applies with respect to funds made available under the Millennium Challenge Act of 2003 (22 U.S.C. 7701 et seq.) for fiscal year 2007 and each subsequent fiscal year.

**SEC. 9. ASSISTANCE TO CERTAIN CANDIDATE COUNTRIES.**

Section 616(d) of the Millennium Challenge Act of 2003 (22 U.S.C. 7715(d)) is amended by striking “for fiscal year 2004” and inserting “for a fiscal year”.

**SEC. 10. AUTHORIZATION OF APPROPRIATIONS.**

(a) **AMENDMENT.**—Section 619(a) of the Millennium Challenge Act of 2003 (22 U.S.C. 7718(a)) is amended by striking “fiscal years 2004 and 2005” and inserting “fiscal years 2007 through 2009”.

(b) **RULE OF CONSTRUCTION.**—The amendment made by subsection (a) shall not be construed to affect the availability of funds appropriated pursuant to the authorization of appropriations under section 619 of the Millennium Challenge Act of 2003 (22 U.S.C. 7718(a)) before the date of the enactment of this Act.

**PURPOSE**

The Millennium Challenge Reauthorization Act of 2006 (H.R. 4014) reauthorizes Millennium Challenge Account (MCA) funding for fiscal years 2007 through 2009. Three years into the implementation of this new foreign assistance program, it also provides minimal technical corrections and other changes to facilitate the efforts of the Millennium Challenge Corporation (MCC) to reduce poverty through sustainable, broad-based economic growth. The legislation updates and harmonizes language regarding Millennium Challenge objectives, and increases programming flexibility. It requires a clear articulation of effects on beneficiaries and an analysis of expected poverty reduction. It also ensures normal Congressional

oversight and authorizes threshold country programs that assist countries to become eligible for Millennium Challenge assistance.

#### BACKGROUND AND SUMMARY

Nearly half the world's population lives on less than two dollars a day. The U.S interest in global poverty reduction ranges from humanitarian and global economic objectives to ensuring stable democratic partners and long-term national security. Persistent poverty breeds frustration, conflict and—as observed in the Middle East, South Asia and elsewhere—provides fertile ground for the spread of extremism.

In this era of costly national security priorities and budget constraints, the debate concerning U.S. foreign assistance is now focused on achieving results. Despite decades of donor assistance in the economic, political and social sectors, poverty persists throughout the developing world. In March of 2002, President George W. Bush stated that the “growing divide between wealth and poverty, between opportunity and misery, is both a challenge to our compassion and a source of instability . . . [w]e must confront it . . . [w]e must include every African, every Asian, every Latin American, every Muslim in an expanding circle of development.” The Millennium Challenge program is a bold experiment towards achieving this goal.

Governments in low and lower-middle income countries routinely suffer from three mutually reinforcing problems—weak commitment to reform, low institutional capacity, and pervasive corruption. The Millennium Challenge program provides a strong incentive for commitment to change by promising significant funding levels conditioned on meeting performance-based criteria in the areas of ruling justly, investing in people, and promoting economic freedom. The prospect of Millennium Challenge assistance has already leveraged reforms in ways that smaller or politically constrained bilateral development programs cannot. The MCC builds country capacity and ownership by requiring eligible countries to propose, design and manage their own projects. The Millennium Challenge program supports the fight against corruption. Country partners are required to meet a clear standard on corruption to achieve eligibility, and then must establish transparent fiscal, procurement and program management mechanisms to manage Millennium Challenge assistance. To further enhance these incentives towards accountability, transparency and local ownership, the legislation encourages consultation with national legislatures in addition to the civil society, business and donor stakeholders currently consulted regarding Compact projects.

It is hoped that the Millennium Challenge approach will prove more effective than previous efforts at helping countries to move beyond donor dependency. Looking outward, it aims to spur economic growth by strengthening links between markets at the local, national, regional and global level. It then aims to extend this growth inward to create sustainable economic opportunities for the poor. On average, rural poverty makes up about 70 percent of total poverty across the developing world. Economic growth over the last decade has left many of the poor behind, particularly those in rural areas who are largely cut off from the non-agricultural sectors where growth is taking place. Poverty reduction that is sustained

through economic growth will require creating growth in sectors where the poor live and work, or linking the poor into sectors where growth is occurring. The legislation strengthens these linkages by adding to compact elements an analysis of the participation by, or impact on, project beneficiaries, as well as an analysis of the extent to which Compact projects contribute to poverty reduction.

Drawing on previous Millennium Challenge legislation as well as on current MCC statements and practice, the legislation updates and harmonizes policy language in the “purposes,” “authorization of assistance” and “compact elements” sections of the Millennium Challenge Act of 2003 (P.L. 108–199). The language acknowledges that poverty reduction through sustainable, broad-based economic growth is the overarching focus of the Millennium Challenge initiative. It also indicates that direct investments in other sectors may be needed to increase the poverty reduction or economic growth impact of a given Compact. For example, projects in the health and education sectors are now being developed for upcoming Compacts. Other examples of activities that help link the poor to economic growth include—in addition to investments in rural infrastructure and other economic activities—investments in training or education to build workforce capacity and incentives, in health to ensure the ability to work, in local government capacity or civil society watchdog groups, or in reforms that increase access to labor markets, including access and assets for women.

The legislation matches the authorization for the Threshold Country Program to that of the overall Millennium Challenge Account. The Threshold Country Program authorizes the MCC Board to allocate up to ten percent of MCA funding to help non-eligible but committed countries, or “threshold countries,” improve their performance on eligibility indicators that they failed to pass, so that they can become eligible for Compacts.

To increase the ability of the MCC and eligible countries to select the best projects, adjust programs and ensure optimal impact, the legislation makes two adjustments based on lessons learned from MCC operations to date and results-based development assistance more broadly. The first allows for Compact duration beyond the five year limit (but not to exceed ten years), subject to an MCC Board determination. The second allows for concurrent and subsequent Compacts, subject to a Board determination of demonstrable progress.

As it increases MCC programming flexibility, the legislation also strengthens Congressional oversight by requiring a fifteen day advance notification of the intent to obligate funds. This harmonizes notification requirements in recent Foreign Operations Appropriations Acts with Congressional recipient stipulations contained in the 2003 Act.

Technical and other changes in the legislation eliminate the provision for an interim MCC Chief Executive Officer, which was intended for start-up, and save costs by permitting publication of Compact summaries in the *Federal Register* and allowing full Compacts to be published on the MCC website. Consistent with limitations on MCA funding in the FY 2006 Foreign Operations, Export Financing, and Related Programs Appropriations Act (P.L. 109–102) and with House and Senate Foreign Operations Appropriations bills for FY 2007 (H.R. 5522), the legislation renews a prohi-

bition in the 2003 Act on use of funds for abortion and involuntary sterilization for FY 2007. The legislation adds a reporting requirement regarding minority staffing and minority and disadvantaged representation in MCC procurement contracts. It also adds a requirement that encourages minority and disadvantaged representation in the provision of U.S. goods and services to the MCC, including for Compact feasibility studies, data research, and threshold country programs.

Finally, the legislation indicates strong Congressional support by extending the authorization of MCA appropriations for three additional fiscal years (through FY09).

#### HEARINGS

The Committee held two hearings in the 109th Congress related to the Millennium Challenge Corporation. On April 27, 2005, the Committee held a hearing entitled, "The Millennium Challenge Account: Does the Program Match the Vision?" Testimony was received from four witnesses: The Honorable Paul Applegarth, then-CEO of the MCC; Mr. Steven Radelet, Senior Fellow, Center for Global Development; David B. Gootnick, M.D., Director, International Affairs and Trade Team, Government Accountability Office; and Mr. Conor O. Walsh, Country Representative for Honduras, Catholic Relief Services. On February 16, 2006, the Committee held a hearing on the international budget affairs request for FY07. Testimony was received from Secretary of State Condoleezza Rice.

#### COMMITTEE CONSIDERATION

On June 27, 2006, the Committee on International Relations met in open session and ordered favorably reported the bill, H.R. 4014, as amended, by voice vote, a quorum being present.

#### VOTES OF THE COMMITTEE

Clause (3)(b) of rule XIII of the Rules of the House of Representatives requires that the results of each record vote on an amendment or motion to report, together with the names of those voting for or against, be printed in the Committee Report. There were no votes during consideration of H.R. 4014.

#### COMMITTEE OVERSIGHT FINDINGS

In compliance with clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee reports that the findings and recommendations of the Committee, based on oversight activities under clause 2(b)(1) of rule X of the Rules of the House of Representatives, are incorporated in the descriptive portions of this report.

#### NEW BUDGET AUTHORITY AND TAX EXPENDITURES

Clause 3(c)(2) of House Rule XIII is inapplicable because this legislation does not provide new budgetary authority or increased tax expenditures.

## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

In compliance with clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, the Committee sets forth, with respect to the bill, H.R. 4014, the following estimate and comparison prepared by the Director of the Congressional Budget Office under Section 402 of the Congressional Budget Act of 1974:

U.S. CONGRESS,  
CONGRESSIONAL BUDGET OFFICE,  
*Washington, DC, July 11, 2006.*

Hon. HENRY J. HYDE, *Chairman,*  
*Committee on International Relations,*  
*House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 4014, the Millennium Challenge Reauthorization Act of 2006.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Sam Papenfuss, who can be reached at 226–2840.

Sincerely,

DONALD B. MARRON, *Acting Director.*

Enclosure

cc: Honorable Tom Lantos  
Ranking Member

*H.R. 4014—Millennium Challenge Reauthorization Act of 2006.*

## SUMMARY

H.R. 4014 would authorize the appropriation of such sums as may be necessary for the Millennium Challenge Corporation (MCC) for fiscal years 2007 through 2009. The bill also would extend the time period for which aid could be provided under agreements between the United States and the recipient country. Additionally, it would allow for two agreements with one country to be in place concurrently. Finally, the bill would require the President to report on the recruitment and employment of members of minority groups and on the extent of contracts that the MCC signs with small businesses, minority-owned businesses, and business concerns owned by disadvantaged individuals.

CBO estimates that implementing H.R. 4014 would cost about \$4.4 billion over the 2007–2011 period, assuming appropriation of the estimated amounts. Additionally, CBO estimates that, by extending the allowable time period for providing aid for individual projects, the bill would increase direct spending by \$10 million in 2007, \$50 million over the 2007–2011 period, and \$100 million over the 2007–2016 period.

H.R. 4014 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. 4014 is shown in the following table. The costs of this legislation fall within budget function 150 (international affairs).

By Fiscal Year, in Millions of Dollars						
	2006	2007	2008	2009	2010	2011
SPENDING SUBJECT TO APPROPRIATION						
Spending Under Current Law for the Millennium Challenge Corporation						
Estimated Budget Authority <sup>1</sup>	1,752	0	0	0	0	0
Estimated Outlays	188	375	650	826	463	231
Proposed Changes						
Estimated Authorization Level	0	1,785	1,817	1,851	0	0
Estimated Outlays	0	134	628	1,296	1,542	831
Spending Under H.R. 4014 for the Millennium Challenge Corporation						
Estimated Authorization Level <sup>1</sup>	1,752	1,785	1,817	1,851	0	0
Estimated Outlays	188	509	1,278	2,122	2,005	1,062
CHANGES IN DIRECT SPENDING						
Budget Authority	0	0	0	0	0	0
Estimated Outlays	0	10	10	10	10	10

<sup>1</sup> The 2006 level is the amount appropriated for that year.

## BASIS OF ESTIMATE

For the purposes of this estimate, CBO assumes that H.R. 4014 will be enacted near the start of fiscal year 2007 and that the estimated amounts will be appropriated for each year.

*Spending Subject to Appropriation*

H.R. 4014 would authorize the appropriation of such sums as may be necessary for the Millennium Challenge Corporation for fiscal years 2007 through 2009. The MCC provides foreign assistance to countries that meet certain criteria with respect to economic freedom, just governance, and provision of public services. In 2006, the Congress appropriated more than \$1.7 billion for the MCC. CBO estimates that the 2006 amount, adjusted for inflation, would be sufficient to meet the goals and objectives of the Millennium Challenge Corporation. The first appropriation for the MCC was in 2004 and based on spending patterns for other new programs CBO expects that spending will gradually increase to levels similar to other foreign-aid programs. Accordingly, CBO estimates that implementing H.R. 4014 would cost about \$130 million in 2007 and about \$4.4 billion over the 2007–2011 period, assuming appropriation of the estimated amounts.

*Direct Spending*

H.R. 4014 would increase spending of previously appropriated funds. Over the 2004–2006 period, the Congress appropriated more than \$4 billion for the MCC, though only about \$100 million has been spent through May of 2006. Under current law, the MCC cannot provide aid for projects that would take longer than five years to complete. Additionally, under current law, the MCC can only

have one signed compact in effect with one country at any given time. Section 5 of H.R. 4014 would allow the MCC to fund projects that would take up to 10 years to complete and to have two compacts with one country in place concurrently.

CBO expects that these changes likely would increase outlays from the funds already appropriated for the MCC. Based on information from the Millennium Challenge Corporation, CBO estimates that enacting H.R. 4014 would increase direct spending outlays by \$10 million in 2007, \$50 million over the 2007–2011 period, and \$100 million over the 2007–2016 period.

#### INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 4014 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

#### CONSTITUTIONAL AUTHORITY STATEMENT

Pursuant to clause 3(d)(1) of rule XIII of the Rules of the House of Representatives, the Committee finds the authority for this legislation in article I, Section 8 of the Constitution.

#### SECTION-BY-SECTION ANALYSIS AND DISCUSSION

##### *Sec. 1. Short Title; Table of Contents.*

This Section provides the short title of this bill, H.R. 4014, as introduced October 7, 2005, and a table of contents.

##### *Sec. 2. Purposes.*

This Section amends Section 602(2) of the Millennium Challenge Act of 2003 (P.L. 108–199) to clarify, in Section 2 (“Purposes”), the objective of “reducing poverty through sustainable, broad-based economic growth, including by strengthening good governance, promoting economic opportunities, and investing in people, as needed.” This formulation combines language from Sections 602(b), 605(a) and 616 of the 2003 Act, Sections 101, 201 and 202 of H.R. 2441 (the original 2003 Millennium Challenge legislation as reported by the Committee), the MCC’s FY 2007 Congressional Budget Justification, and subsequent public speeches, statements and testimonies by MCC then-CEO John Danilovich and other officials.

Such language adjustments in this and other sections are not intended to diminish the Millennium Challenge Corporation’s mandate of linking poverty reduction to the engine of sustainable, broad-based economic growth, for such growth is the essential foundation for sustainable poverty reduction. Rather, these changes seek to clarify that economic growth alone will not necessarily reduce poverty or improve inequalities in countries, as the recent history of many Latin American and African countries evidence. Rising national and personal average incomes—though necessary ingredients for improved livelihoods—do not guarantee poverty reduction. Countries and their constituent communities may have similar economic growth rates and yet may vary widely in how successful they are in connecting the poor to growth and thus reducing poverty. Persistent poverty and entrenched inequalities can slow economic growth in various ways. These include failing to capitalize highly profitable investment opportunities among the poor;

limiting the contribution of some of a country's most talented individuals by restricting access to education and other avenues for social mobility; and feeding resentments and frustrations that can lead to societal instability and diminish support for democratic governance.

It is the Committee's intent that Millennium Challenge assistance explicitly foster broad-based and sustainable economic growth that directly and demonstrably connects to the poor. Policies and programs are often necessary to reduce economic, institutional, and social barriers that prevent the poor from participating in and benefiting from economic growth. Such policies actively facilitate income and employment generation for the poor, especially for women and traditionally excluded groups. Labor-intensive growth strategies, particularly in rural areas and in the agricultural sector, tend to be most beneficial to the poor in the short-term. When combined with efforts to improve basic infrastructure and broaden access to productive assets such as credit, education, and property—especially by women and excluded groups—such investments can promote sustainable economic growth in ways that help break the cycle of poverty.

*Sec. 3. Establishment and Management of Millennium Challenge Corporation.*

This Section amends Section 604(b)(2) of the Millennium Challenge Act of 2003 to eliminate a start-up provision permitting the appointment of an interim Chief Executive Officer. It ensures that future CEOs of this multi-billion dollar program will serve by Presidential appointment, by and with the advice and consent of the Senate. A temporary Acting Chief Executive Officer or comparable individual can serve between permanent CEO appointments, as was done between the tenures of MCC CEOs Applegarth and Danilovich.

*Sec. 4. Authorization of Assistance.*

This Section amends Section 605(a) of the 2003 Millennium Challenge Act to harmonize policy language with changes made by Section 2 above. The legislation also renews for FY 2007 the 2003 Act prohibition on any U.S. funding related to abortion and involuntary sterilization. The FY 2006 and FY 2007 appropriations bills also include this limitation on MCA funding, consistent with Section 104(f) of the Foreign Assistance Act of 1961, as amended (P.L. 87–195).

*Natural Resources.* Section 605(e)(3) of the 2003 Act recognized that the sustainable management of natural resources is a critical component of economic growth and poverty reduction. The Act prohibits MCA assistance likely to cause a significant environmental, health, or safety hazard. The Act also directed the MCC to use objective and quantifiable indicators to evaluate a candidate country's demonstrated commitment to economic policies that promote the sustainable management of natural resources. The MCC has conducted a public process to identify indicators or indices for use in the selection criteria. Two indicators identified by the MCC thus far are a Natural Resources Management Index developed by Columbia University's Center for International Earth Science Information Network (CIESIN), and a Secure Land Tenure indicator de-

veloped by The International Fund for Agricultural Development (IFAD). The Committee encourages the MCC to complete the development of quantitative policy indicators for sustainable natural resource management and to begin applying them to fiscal year 2007 eligibility decisions, and in subsequent fiscal years. The Committee notes that the IFAD indicator is less of an indicator for natural resource protection than for a government's promotion of property rights. If the MCC decides after completing its public process to add these two new indicators to the eligibility criteria, the Committee believes that the CIESIN indicator should be placed in the Investing in People category and the IFAD indicator should be placed in the Providing Economic Opportunities category.

*Sec. 5. Millennium Challenge Compact.*

This Section amends Section 609(b)(1)(D) regarding Compact elements in the 2003 Millennium Challenge Act by adding a requirement for an analysis of participation by, or impact on, project beneficiaries. A new section added by the legislation, 609(b)(1)(L), also requires an analysis of the extent to which Compact projects will contribute to poverty reduction.

*Poverty Reduction.* To maximize poverty reduction through economic growth, recipient countries and the MCC must ground the use of Millennium Challenge assistance on baseline data and due-diligence analyses that:

- identify the key impediments to growth;
- assess the nature and flexibility of the labor market, and the labor-intensity of growth which is more likely to have a positive impact on the livelihoods of the poor;
- identify the intended beneficiaries, disaggregated by income level, gender and age, and analyze how and whether the intended beneficiaries will participate in, or be impacted by, each project;
- assess the mechanisms in place to link the poor to economic growth, in particular mechanisms that facilitate access to sectors where growth is occurring and that foster growth in sectors where the poor are located;
- evaluate whether the poor have the skills and assets necessary to participate in and benefit from expected economic growth, in particular, levels of health and education as well as infrastructure and credit, among others;
- assess the degree to which women have equal access to mechanisms and assets necessary to connect to and benefit from economic growth; and
- assess the extent of political will in recipient countries to connect the poor to economic growth.

Summaries of the analysis of key issues outlined above should be included in each country Compact and linked to the consultation and decision processes reflected in the final set of funded projects. Public dissemination of such analyses will facilitate greater clarity regarding MCC and country funding decisions. If a Compact does not include investments in the productive capacity of the eligible country's poor which are needed for them to participate in and benefit from the economic growth generated by a Compact, the Committee strongly encourages the MCC to include in the Compact ei-

ther a description of the eligible country's plans to finance any necessary health, education or other linkages, or a description of similar plans by the U.S. Agency for International Development or other donors to meet these gaps.

*Local Consultation—National Legislatures.* Section 609(d) is amended to encourage the government of an eligible country to consult with the national legislature of the country in the course of developing the Compact. The Committee believes that an essential component of local input is the studied opinions of leaders of the national legislatures of eligible countries. Formally incorporating these leaders into the consultative processes which result in the development of Compacts helps ensure that the perspectives of potential beneficiaries are taken into account during the design of the Compact's programming. Soliciting the advice of these local leaders on a substantial international development assistance package also helps promote legislative oversight over executive branch decisions in these countries and begins the process of securing legislative approval for the Compacts. Almost all of the national legislatures in eligible countries which have concluded Compacts with the MCC will ratify or otherwise approve their respective Compacts. It is the sense of the Committee that legislative oversight should be encouraged as part of local capacity-building, as well as for the purposes of increasing local ownership, transparency and accountability.

*Local Consultation—Ensuring Meaningful Participation.* Section 609(d) of the 2003 Act requires the MCC to ensure that eligible country governments take into account the input of local private and voluntary organizations, the business community, and other donors in the country. The Committee intended that such consultations be meaningful, so as to increase public support and avoid flaws in project design and implementation. Over the course of the last two years, the Committee received reports that the MCC had not ensured that the input of a wide range of local stakeholders and intended beneficiaries was fully included in the consultative process. The MCC's publication of "Guidance for the Consultative Process" was a very positive development in this regard, and full compliance with the guidance can begin to ensure meaningful consultation.

However, the financial limitation of many eligible countries has reportedly continued to limit consultative efforts between the governments, key stakeholders, and intended beneficiaries in eligible countries. During oversight travels to MCA-eligible countries, the Committee has confirmed reports by local and international non-governmental organizations that the governments of some countries, due to resource constraints, have not been able to engage in a broad and robust consultative process. In Mali, for example, Committee staff found that consultations would not have been possible absent a \$400,000 grant by the UN Development Program to the Malian government to establish the Technical Team, hire new staff and equip the MCC/Mali office to manage activities and liaise with MCC/Washington on the Compact proposal. Such resource constraints can prevent full compliance with Section 609(d).

Section 609(g) of the 2003 Act authorizes the MCC CEO to "enter into contracts or make grants for any eligible country for the purpose of facilitating the development and implementation" of Compacts. The Committee strongly encourages the MCC CEO to dedi-

cate funds through Section 609(g) for the purpose of supporting meaningful participation by these groups in the development and implementation of Compacts in eligible countries.

*Compact Duration and Concurrent and Subsequent Compacts.* Section 609(j) is amended to allow Compact duration to extend beyond five years (but not beyond ten), subject to an MCC Board determination. Section 609(k) is amended to allow concurrent Compacts, subject to demonstrable progress and to conformity with Compact requirements in the 2003 Act. These amendments will increase the ability of the MCC and eligible countries to select the best projects, adjust programs and ensure optimal impact.

The Committee believes that the Chief Executive Officer of the Millennium Challenge Corporation should enter into a concurrent Compact with an eligible country only if that country has demonstrated that it is making considerable progress toward meeting the objectives established in the existing Compact. Similarly, subsequent Compacts, or all Compacts after the first Compact for an eligible country, should only be concluded if the Board of Directors of the Corporation determines that the eligible country has substantially met the objectives of previous Compacts. The purpose behind both the “considerable and demonstrable progress” and the “substantially met” standards is to amplify the “MCC-incentive effect” by rewarding only those eligible countries that are performing or have performed well under the program.

The Committee distinguishes between an extension of time under Section 609(i) of the 2003 Act and an increase in the duration of a Compact under Section 5 of this Act. A Section 609(i) extension is meant to address those instances when, during the course of Compact implementation and due to unforeseeable circumstances, the successful completion of a Compact requires more time than was allotted in the original grant agreement. In contrast, Section 5 of this Act permits the Board of Directors of the Corporation to approve projects or programs which have durations that last longer than 5 years to be included in a pre-signed Compact. Under both Section 609 (i) and Section 5, the default duration of a Compact or any project or program contained therein is five years, and the maximum amount of time that can be allotted under either Section to any project or program is ten years.

The Committee hopes that the extension of duration for Compacts from five to ten years will enable eligible countries and the Corporation not to exclude those projects and programs which have longer time horizons for producing results but are critical for reducing poverty through sustainable and broad-based economic growth.

#### *Sec. 6. Congressional and Public Notification of Compact.*

The legislation amends Section 610 of the 2003 Act to require notification of authorizing and Appropriations committees fifteen days prior to fund obligation. This does not add a new requirement, because the FY 2006 Foreign Operations, Export Financing, and Related Programs Appropriations Act (P.L. 109–102) and the House and Senate Foreign Operations Appropriations bills for FY 2007 (H.R. 5522) already require fifteen day prior notification of fund obligation, but this notification is limited to the Appropriations committees. The legislation adds authorizing committees to this requirement, as consistent with the definition of “appropriate Con-

gressional committees” in Section 603(1) of the 2003 Millennium Challenge Act, and consistent with Section 634A of the Foreign Assistance Act of 1961, as amended (P.L. 87–195).

Compact negotiations between the MCC and an eligible country may require weeks or even months. The 2003 Millennium Challenge Act currently requires Congressional consultations fifteen days prior to starting Compact negotiations between the MCC and an eligible countries, but notification of obligation is not required until ten days following a Compact’s entry into force. These requirements provide no indication of important Compact changes made during weeks or months of negotiation, until after obligation of funds and entry into force are accomplished. The Committee recognizes the President’s foreign policy role in entering into agreements with other countries. However, Compacts between the MCC and an eligible country are also foreign assistance grants of the sort normally subject to existing laws, regulations, and practices governing their design, reprogramming, obligation, and expenditure. The Committee intends to exercise full and responsible oversight concerning this new program, as is the norm for foreign assistance programs of this size and importance.

*Federal Register Publication.* Section 610(c) of the 2003 Act is amended to permit publication of the Compact summary in the *Federal Register*, while making the full text available to the public on the MCC website. The savings potential is estimated at between \$25,000 and \$50,000 per Compact.

#### *Sec. 7. Annual Report.*

*Staffing.* This Section amends Section 613(b) of the 2003 Millennium Challenge Act by adding to the annual report reporting requirements regarding minority staffing and minority and disadvantaged representation in procurement contracts. These reporting requirements shall apply to contracting actions awarded and administered directly by the MCC.

#### *Sec. 8. Powers of the Corporation; Related Provisions.*

*Procurement.* This Section amends Section 614 of the 2003 Millennium Challenge Act by adding a requirement that ensures minority and disadvantaged representation in the provision of goods and services to the MCC, including Compact feasibility studies, data research and threshold programs managed by USAID to help countries reach eligibility.

*Branding.* A large percentage of MCC investment thus far is financing large infrastructure projects and other tangible structures. The Committee believes that the successful completion of these projects can advance U.S. public diplomacy objectives, and strongly recommends that the CEO (or the CEO’s designee)—pursuant to Section 641 of the Foreign Assistance Act of 1961 and in consultation with the Administrator of the United States Agency for International Development and the heads of other appropriate departments and agencies—establish a policy to ensure that programs, projects and activities, including public communications and commodities, partially or fully funded by the Millennium Challenge Corporation indicate that they are funded by the American people.

*Sec. 9. Assistance to Certain Candidate Countries.*

*Threshold Country Programs.* This Section amends Section 616(d) of the Millennium Challenge Act of 2003 to match the authorization for Threshold Country Programs to that of the overall Millennium Challenge Account. The Threshold Program authorizes the MCC Board to allocate up to ten percent of MCA funding to help non-eligible but committed countries, or “threshold countries,” improve their performance on eligibility indicators that they failed to pass, so that they can become eligible for Compacts.

*Bangladesh.* The Committee recognizes that Bangladesh does not currently meet the threshold status to participate in the Millennium Challenge Account but is encouraged by Bangladesh’s efforts to improve its capacity to absorb foreign aid as well as its efforts to ensure effective implementation of international assistance. Bangladesh is steadily meeting its targets towards ultimately achieving the Millennium Development Goals. The Committee encourages the U.S. Agency for International Development to work with the Government of Bangladesh to help achieve threshold status and future graduation into the Millennium Challenge Account program.

*Sec. 10. Authorization of Appropriations.*

This Section amends Section 619(a) of the 2003 Millennium Challenge Act to extend the authorization of appropriations for three years—through FY09. The authorization of appropriations expired in FY 2005 and was waived in the FY 2006 Foreign Operations Appropriations Act (P.L. 109–102). It is the sense of the Committee that the Millennium Challenge program should continue beyond the end of the current Administration.

*Additional Issues.*

*Currency Fluctuation.* MCC has provided the examples of Cape Verde and South Africa as countries that may slip in and out of eligibility due solely to currency fluctuations, rather than changes in their economic fundamentals. The Committee awaits MCC input, coordinated with other agencies as appropriate, so that Section 606 of the 2003 Act may be amended to remedy the effect of distortional currency fluctuation on eligibility for MCA funding.

*Refugee Treatment.* The Committee would also encourage the MCC to take into consideration a candidate country’s respect for the rights of refugees when determining eligibility for funding. The use of additional data sources could help inform this consideration.

NEW ADVISORY COMMITTEES

H.R. 4014 does not establish or authorize any new advisory committees.

CONGRESSIONAL ACCOUNTABILITY ACT

H.R. 4014 does not apply to the legislative branch.

FEDERAL MANDATES

H.R. 4014 provides no Federal mandates.



## CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

## MILLENNIUM CHALLENGE ACT OF 2003

TITLE VI—MILLENNIUM CHALLENGE  
ACT OF 2003

## SEC. 601. SHORT TITLE.

This title may be cited as the “Millennium Challenge Act of 2003”.

## SEC. 602. PURPOSES.

The purposes of this title are—

- (1) \* \* \*
- (2) to provide such assistance in a manner that promotes [economic growth and the elimination of extreme poverty and strengthens good governance, economic freedom, and investments in people.] *the reduction of poverty through sustainable, broad-based economic growth, including by strengthening good governance, promoting economic opportunities, and investing in people, as needed.*

\* \* \* \* \*

SEC. 604. ESTABLISHMENT AND MANAGEMENT OF THE MILLENNIUM  
CHALLENGE CORPORATION.

(a) \* \* \*

(b) CHIEF EXECUTIVE OFFICER.—

(1) \* \* \*

(2) [APPOINTMENT.—

[(A) IN GENERAL.—Except as provided in subparagraph (B), the Chief Executive Officer shall be appointed] *APPOINTMENT.—The Chief Executive Officer shall be appointed* by the President, by and with the advice and consent of the Senate.

[(B) INTERIM CEO.—The members of the Board of Directors described in subsection (c)(3)(A) may designate by unanimous consent in writing an individual who is an officer within any Federal department or agency (and who has been appointed to such position by the President, by and with the advice and consent of the Senate) to carry out the duties described in this subsection until the Chief Executive Officer is appointed pursuant to subparagraph (A).]

\* \* \* \* \*

## SEC. 605. AUTHORIZATION OF ASSISTANCE.

(a) ASSISTANCE.—Notwithstanding any other provision of law (other than a provision of this title), the Board, acting through the

Chief Executive Officer, is authorized to provide assistance under this section for each country that enters into a Millennium Challenge Compact with the United States pursuant to section 609 to support policies and programs that advance the progress of the country *in achieving lasting economic growth and poverty reduction* *in reducing poverty through sustainable, broad-based economic growth, including by strengthening good governance, promoting economic opportunities, and investing in people, as needed,* and are in furtherance of the purposes of this title.

\* \* \* \* \*

(e) LIMITATIONS.—

(1) \* \* \*

\* \* \* \* \*

(4) PROHIBITION ON USE OF FUNDS FOR ABORTIONS AND INVOLUNTARY STERILIZATIONS.—The prohibitions on use of funds contained in paragraphs (1) through (3) of section 104(f) of the Foreign Assistance Act of 1961 (22 U.S.C. 2151b(f)(1)–(3)) shall apply to funds made available to carry out this section to the same extent and in the same manner as such prohibitions apply to funds made available to carry out part I of such Act. The prohibition on use of funds contained in any provision of law comparable to the *[eleventh and fourteenth provisos]* *eighth and twelfth provisos* under the heading “Child Survival and Health Programs Fund” of *[division E of Public Law 108–7 (117 Stat. 162)]* *Public Law 109–102 (119 Stat. 2174–2176)* shall apply to funds made available to carry out this section for fiscal year *[2004]* 2007.

\* \* \* \* \*

**SEC. 609. MILLENNIUM CHALLENGE COMPACT.**

(a) \* \* \*

(b) ELEMENTS.—

(1) IN GENERAL.—The Compact should take into account the national development strategy of the eligible country and shall contain—

(A) \* \* \*

\* \* \* \* \*

(D) an identification of the intended beneficiaries, disaggregated by income level, gender, and age, to the maximum extent practicable, *and an analysis of how the intended beneficiaries will participate in, or be impacted by, each project;*

\* \* \* \* \*

(J) the strategy of the eligible country to sustain progress made toward achieving such objectives after expiration of the Compact; *[and]*

(K) a description of the role of the United States Agency for International Development in any design, implementation, and monitoring of programs and activities funded under the Compact~~[\.]~~; *and*

(L) *an analysis of the extent to which each project carried out under the Compact will contribute to reducing poverty through sustainable, broad-based economic growth, in-*

*cluding by strengthening good governance, promoting economic opportunities, and investing in people, as needed.*

\* \* \* \* \*

(d) LOCAL INPUT.—In entering into a Compact, the United States shall seek to ensure that the government of an eligible country—

(1) takes into account the local-level perspectives of the rural and urban poor, including women, in the eligible country; **and**

(2) *consults with the national legislature of the eligible country; and*

**[(2)]** (3) consults with private and voluntary organizations, the business community, and other donors in the eligible country.

\* \* \* \* \*

(j) DURATION OF COMPACT.—**[The duration]**

(1) *IN GENERAL.—Except as provided in paragraph (2), the duration of a Compact shall not exceed 5 years.*

(2) *EXCEPTION.—*

(A) *IN GENERAL.—A Compact shall not include a project with a duration of more than 5 years unless the Board—*

*(i) determines that the project cannot be completed in 5 years or less; and*

*(ii) approves a duration for the project of not more than 10 years.*

(B) *CONGRESSIONAL NOTIFICATION.—Not later than 15 days after the Board approves a duration for a project pursuant to subparagraph (A)(ii), the Board, acting through the Chief Executive Officer, shall submit to the appropriate congressional committees a notification of such approval, including a detailed explanation for the determination and approval.*

**[(k)]** SUBSEQUENT COMPACTS.—An eligible country and the United States may enter into and have in effect only one Compact at any given time under this section. An eligible country and the United States may enter into one or more subsequent Compacts in accordance with the requirements of this title after the expiration of the existing Compact.**]**

(k) CONCURRENT AND SUBSEQUENT COMPACTS.—

(1) *IN GENERAL.—Subject to the requirements of paragraph (2), and in accordance with the requirements of this title, an eligible country and the United States—*

*(A) may enter into and have in effect not more than two Compacts at any given time under this section; and*

*(B) may enter into subsequent Compacts after the expiration of the existing Compact or Compacts.*

(2) *REQUIREMENTS.—*

(A) *CONCURRENT COMPACTS.—An eligible country and the United States may enter into a concurrent Compact only if the Board determines that the country is making considerable and demonstrable progress in implementing the terms of its existing Compact and supplementary agreements thereto.*

*(B) SUBSEQUENT COMPACTS.—An eligible country and the United States may enter into subsequent Compacts if the Board determines that the country substantially met the objectives of prior Compacts between the country and the United States and supplementary agreements thereto.*

**SEC. 610. CONGRESSIONAL AND PUBLIC NOTIFICATION OF COMPACT.**

(a) \* \* \*

*(b) CONGRESSIONAL NOTIFICATION PRIOR TO SIGNING A COMPACT.—Not later than 15 days prior to signing a Compact with an eligible country, the Board, acting through the Chief Executive Officer, shall provide notification of the proposed Compact, including a detailed summary of the Compact and a copy of the text of the Compact, to the appropriate congressional committees in accordance with the procedures applicable to reprogramming notifications under section 634A of the Foreign Assistance Act of 1961.*

**[(b)] (c) CONGRESSIONAL AND PUBLIC NOTIFICATION AFTER ENTERING INTO A COMPACT.—***Not later than 10 days after entering into a Compact with an eligible country, the Board, acting through the [Chief Executive Officer—*

*(1) shall provide notification of the Compact to the appropriate congressional committees, including a detailed summary of the Compact and a copy of the text of the Compact; and*

*[(2) shall publish such detailed summary and the text of the Compact in the Federal Register and on the Internet website of the Corporation.] Chief Executive Officer shall publish such detailed summary of the Compact in the Federal Register and shall publish such detailed summary and the text of the Compact (including a copy of any annexes or supplementary agreements thereto) on the Internet website of the Corporation.*

\* \* \* \* \*

**SEC. 613. ANNUAL REPORT.**

(a) \* \* \*

**(b) CONTENTS.—**The report shall include the following:

(1) \* \* \*

\* \* \* \* \*

*(6) A description of recruitment and employment of members of minority groups at the Corporation, including, to the maximum extent practicable, the numbers and percentages of members of all minority groups who have been recruited by and employed at the Corporation during the prior fiscal year.*

*(7) A description of the extent to which the requirement of section 614(h) has been met for the prior fiscal year, including, to the maximum extent practicable, information on—*

*(A) the numbers and percentages of small, minority-owned, or disadvantaged business enterprises that provide goods and services that are financed with funds made available under section 609(g), section 614(g), and section 616 during such prior fiscal year;*

*(B) the total number of contracts with such business enterprises for such purposes during such prior fiscal year;*

*(C) the total dollar value of such contracts; and*

*(D) the percentage value represented by such contracts proportionate to the total value of all contracts held by the*

*Corporation that are financed with funds made available under section 609(g), section 614(g), and section 616 during such prior fiscal year.*

**SEC. 614. POWERS OF THE CORPORATION; RELATED PROVISIONS.**

(a) \* \* \*

\* \* \* \* \*

(h) *PARTICIPATION OF CERTAIN UNITED STATES BUSINESSES.—To the maximum extent practicable, the President, acting through the Chief Executive Officer, shall ensure that United States small, minority-owned, and disadvantaged business enterprises fully participate in the provision of goods and services that are financed with funds made available under section 609(g), subsection (g) of this section, and section 616.*

\* \* \* \* \*

**SEC. 616. ASSISTANCE TO CERTAIN CANDIDATE COUNTRIES.**

(a) \* \* \*

\* \* \* \* \*

(d) *FUNDING.—Not more than 10 percent of the amount appropriated pursuant to the authorization of appropriations under section 619(a) [for fiscal year 2004] for a fiscal year is authorized to be made available to carry out this section.*

\* \* \* \* \*

**SEC. 619. AUTHORIZATION OF APPROPRIATIONS.**

(a) *AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this title such sums as may be necessary for each of the [fiscal years 2004 and 2005] fiscal years 2007 through 2009.*

\* \* \* \* \*