

109TH CONGRESS
1ST SESSION

S. 682

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

IN THE SENATE OF THE UNITED STATES

MARCH 17, 2005

Mr. DODD 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 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.**

4 This Act may be cited as the “Social Investment and
5 Economic Development Fund for the Americas Act of
6 2005”.

1 **SEC. 2. FINDINGS; STATEMENT OF POLICY.**

2 (a) FINDINGS.—Congress finds the following:

3 (1) The historic economic, political, cultural,
4 and geographic relationships among the countries of
5 the Western Hemisphere are unique and of con-
6 tinuing special significance to the United States.

7 (2) The interests of the countries of the West-
8 ern Hemisphere are more interrelated today than
9 ever before. Consequently, sound economic, social,
10 and democratic progress in each of the countries
11 continues to benefit other countries, and lack of it
12 in any country may have serious repercussions in
13 others.

14 (3) Following the historic Summits of the
15 Americas, the 1994 Summit in Miami, the 1998
16 Summit in Santiago, Chile, the 2001 Summit in
17 Quebec City, Canada, and the 2004 Special Summit
18 in Monterrey, Mexico, the heads of state of the
19 countries of the Western Hemisphere accepted the
20 formidable challenge of economic and social integra-
21 tion in and between their respective countries.

22 (4) To make progress toward economic and so-
23 cial integration, there is a compelling need to focus
24 on the social development of the people of the Amer-
25 icas which, in turn, will promote the economic and
26 political development of the region.

1 (5) Investment in social development in the
2 Americas, including investment in human and social
3 capital, specifically in education, health, housing,
4 and labor markets with the goal of combating social
5 exclusion and social ills, will consolidate political de-
6 mocracy and the rule of law and promote regional
7 economic integration and trade in the region.

8 (6) The challenge of achieving economic inte-
9 gration between one of the world's most developed
10 economies and some of the poorest and most vulner-
11 able countries requires a special effort to promote
12 social equality, develop skills, and modernize the in-
13 frastructure in poorer countries that will enable the
14 people of these countries to maximize the amount of
15 benefits accrued from economic integration.

16 (7) The particular challenge facing social and
17 economic development in Latin America is the his-
18 toric and persistent highly unequal distribution of
19 wealth. Latin America suffers from the most un-
20 equal distribution of wealth in the world with huge
21 inequities in the distribution of assets including edu-
22 cation, land, and credit.

23 (8) Latin America also confronts the challenge
24 of an increasing number of poor people. As of today,
25 approximately one-third of the population lives in

1 poverty and increasing numbers live in extreme pov-
2 erty. Poverty exists in all Latin American countries
3 but 70 percent of the region's poor live in the five
4 largest middle-income countries.

5 (9) Marginalized groups, including indigenous
6 populations, people of African descent, women, peo-
7 ple with disabilities, and rural populations, are so-
8 cially excluded and suffer from poverty, stigma, and
9 discrimination.

10 (10) Democratic values are dominant through-
11 out the Americas, and nearly all governments in the
12 region have come to power through democratic elec-
13 tions.

14 (11) Nonetheless, existing democratic govern-
15 ments and their constituent institutions remain frag-
16 ile and face critical challenges including effective
17 democratic civilian authority over these institutions,
18 including the military, the consolidation or establish-
19 ment of independent judicial institutions and the
20 rule of law, and the elimination of corruption.

21 (12) The prosperity, security, and well-being of
22 the United States is linked directly to peace, pros-
23 perity, and democracy in the Americas. The entire
24 region benefits by reducing poverty, strengthening
25 the middle class, and promoting the rule of law

1 which will also increase markets for United States
2 goods and create a better environment for regional
3 investment by United States businesses.

4 (13) Section 101 of the Foreign Assistance Act
5 of 1961 (22 U.S.C. 2151) establishes as a principal
6 objective of United States foreign assistance the
7 “encouragement and sustained support of the people
8 of developing countries in their efforts to acquire the
9 knowledge and resources essential to development
10 and to build the economic, political, and social insti-
11 tutions which will improve the quality of their lives”.

12 (14) It is in the national interests of the United
13 States to assist developing countries in the Western
14 Hemisphere as they implement the economic and po-
15 litical policies which are necessary to achieve equi-
16 table economic growth.

17 (15) The Summit of the Americas has directly
18 charged the multilateral institutions of the Americas,
19 including the Organization of American States
20 (OAS), the Inter-American Development Bank
21 (IADB), and the Inter-American Agency for Co-
22 operation and Development with mobilizing private-
23 public sector partnerships among industry and civil
24 society to help achieve equitable development objec-
25 tives.

1 (16) By supporting the purposes and objectives
2 of development and applying such purposes and ob-
3 jectives to the Americas, a Social Investment and
4 Economic Development Fund for the Americas has
5 the potential to advance the national interests of the
6 United States and directly improve the lives of the
7 poor and marginalized groups, encourage broad-
8 based economic growth while protecting the environ-
9 ment, build human capital and knowledge, support
10 meaningful participation in democracy, and promote
11 peace and justice in the Americas.

12 (b) STATEMENT OF POLICY.—It is the policy of the
13 United States—

14 (1) to promote market-based principles, eco-
15 nomic integration, social development, and trade in
16 and between countries of the Americas by—

17 (A) nurturing public-private partnerships
18 and microenterprise development;

19 (B) improving the quality of life and in-
20 vesting in human capital, specifically targeting
21 education, health and disease prevention, nutri-
22 tion, and housing;

23 (C) strengthening the rule of law through
24 improved efficiency and transparency in govern-

1 ment services and increasing civil society par-
2 ticipation in government; and

3 (D) reducing poverty and eliminating the
4 exclusion of marginalized populations, including
5 people of African descent, indigenous groups,
6 women, and people with disabilities; and

7 (2) to establish an investment fund for the
8 Western Hemisphere to advance the national inter-
9 ests of the United States, directly improve the lives
10 of the poor and marginalized, encourage broad-based
11 economic growth while protecting the environment,
12 build human capital and knowledge, support mean-
13 ingful participation in democratic institutions and
14 processes, and promote peace and justice in the
15 Americas.

16 **SEC. 3. AMENDMENT TO FOREIGN ASSISTANCE ACT OF**
17 **1961.**

18 Part I of the Foreign Assistance Act of 1961 (22
19 U.S.C. 2151 et seq.) is amended by adding at the end
20 the following:

1 **“CHAPTER 13—SOCIAL INVESTMENT AND**
 2 **ECONOMIC DEVELOPMENT FUND FOR**
 3 **THE AMERICAS**

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

5 “(a) STATEMENT OF POLICY.—It is the policy of the
 6 United States—

7 “(1) to promote market-based principles, eco-
 8 nomic integration, social development, and trade in
 9 and between countries of the Americas by—

10 “(A) nurturing public-private partnerships
 11 and microenterprise development;

12 “(B) improving the quality of life and in-
 13 vesting in human capital, specifically targeting
 14 education, health and disease prevention, nutri-
 15 tion, and housing;

16 “(C) strengthening the rule of law through
 17 improved efficiency and transparency in govern-
 18 ment services and increasing civil society par-
 19 ticipation in government; and

20 “(D) reducing poverty and eliminating the
 21 exclusion of marginalized populations, including
 22 people of African descent, indigenous groups,
 23 women, and people with disabilities; and

24 “(2) to establish an investment fund for the
 25 Western Hemisphere to advance the national inter-

1 ests of the United States, directly improve the lives
2 of the poor and marginalized, encourage broad-based
3 economic growth while protecting the environment,
4 build human capital and knowledge, support mean-
5 ingful participation in democratic institutions and
6 processes, and promote peace and justice in the
7 Americas.

8 “(b) IN GENERAL.—The President, acting through
9 the Administrator of the United States Agency for Inter-
10 national Development, shall provide assistance to reduce
11 poverty and foster increased economic opportunity in the
12 countries of the Western Hemisphere by—

13 “(1) nurturing public-private partnerships and
14 microenterprise development;

15 “(2) improving the quality of life and investing
16 in human capital, specifically targeting education,
17 health and disease prevention, nutrition, and hous-
18 ing;

19 “(3) strengthening the rule of law through im-
20 proved efficiency and transparency in government
21 services and increasing civil society participation in
22 government; and

23 “(4) reducing poverty and eliminating the ex-
24 clusion of marginalized populations, including people

1 of African descent, indigenous groups, women, and
 2 people with disabilities.

3 “(c) TERMS AND CONDITIONS.—Assistance under
 4 this chapter may be provided on such other terms and con-
 5 ditions as the President may determine, consistent with
 6 the goal of promoting economic and social development.

7 **“SEC. 499I. TECHNICAL REVIEW COMMITTEE.**

8 “(a) IN GENERAL.—There is established within the
 9 United States Agency for International Development a
 10 technical review committee.

11 “(b) MEMBERSHIP.—

12 “(1) IN GENERAL.—The President, by and with
 13 the advice and consent of the Senate, shall appoint
 14 to serve on the technical review committee—

15 “(A) individuals with technical expertise
 16 with respect to the development projects, in-
 17 cluding grassroots development of Latin Amer-
 18 ica and the Caribbean; and

19 “(B) citizens of the United States with
 20 technical expertise with respect to development
 21 projects and business experience.

22 “(2) CRITERIA FOR APPOINTMENT.—Technical
 23 expertise shall be the sole criterion in making ap-
 24 pointments to the technical review committee.

1 “(c) DUTIES.—The technical review committee shall
 2 review all projects proposed for funding using assistance
 3 provided under section 499H(a), and make recommenda-
 4 tions to the President with respect to the guidelines to
 5 be used in evaluating project proposals and the suitability
 6 of the proposed projects for funding.

7 “(d) CONFLICTS OF INTEREST.—A member of the
 8 technical review committee shall not be permitted to re-
 9 view an application submitted by an organization with
 10 which the member has been or is affiliated.

11 **“SEC. 499J. CONSULTATIVE COMMITTEE.**

12 “(a) IN GENERAL.—A country that receives assist-
 13 ance under this chapter shall establish a Consultative
 14 Committee to make recommendations regarding how such
 15 assistance should be used to carry out the policy set out
 16 in section 499H(a).

17 “(b) MEMBERSHIP.—A Consultative Committee
 18 should include individuals from civil society organizations
 19 that represent or have experience in working in the fol-
 20 lowing:

21 “(1) Marginalized populations.

22 “(2) Trade and small farmer unions.

23 “(3) Rural development and agrarian reform.

24 “(4) Microenterprise and grassroots develop-
 25 ment.

1 “(5) Access to government social services.

2 “(6) Rule of law and government reform.

3 “(c) DUTIES.—A Consultative Committee for a coun-
4 try shall—

5 “(1) make recommendations to the technical re-
6 view committee established under section 499I and
7 to the appropriate country mission of the United
8 States Agency for International Development on
9 projects proposed to receive assistance under section
10 499H(a) that affect such country;

11 “(2) have access documents and other informa-
12 tion related to project proposals and funding deci-
13 sions that affect such country; and

14 “(3) develop and publish rules and procedures
15 under which the Committee will carry out its duties.

16 “(d) CONFLICTS OF INTEREST.—A member of the
17 Consultative Committee may not be permitted to review
18 an application submitted by an organization with which
19 the member has been or is affiliated.

20 **“SEC. 499K. REPORT.**

21 “The President shall prepare and transmit to the
22 Committee on Foreign Relations of the Senate, the Com-
23 mittee on International Relations of the House of Rep-
24 resentatives, and other appropriate congressional commit-
25 tees an annual report on the specific programs, projects,

1 and activities carried out under this chapter during the
 2 preceding year, including an evaluation of the results of
 3 such programs, projects, and activities.

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

5 “(a) IN GENERAL.—There are authorized to be ap-
 6 propriated to carry out this chapter \$250,000,000 for
 7 each of the fiscal years 2006 through 2010.

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

10 “(1) may be referred to as the ‘United States
 11 Social Investment and Economic Development Fund
 12 for the Americas’;

13 “(2) are authorized to remain available until ex-
 14 pended; and

15 “(3) are in addition to amounts otherwise avail-
 16 able for such purposes.

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

21 **SEC. 4. AMENDMENT TO THE INTER-AMERICAN DEVELOP-**
 22 **MENT BANK ACT.**

23 The Inter-American Development Bank Act (22
 24 U.S.C. 283 et seq.) is amended by adding at the end the
 25 following:

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

3 “(a) IN GENERAL.—The Secretary of the Treasury
 4 shall instruct the United States Executive Director of the
 5 Bank to use the voice, vote, and influence of the United
 6 States to urge the Bank to establish an account to be
 7 known as the ‘Social Investment and Economic Develop-
 8 ment Fund for the Americas’ (in this section referred to
 9 as the ‘Fund’), which is to be operated and administered
 10 by the Board of Executive Directors of the Bank con-
 11 sistent with subsection (b). The United States Governor
 12 of the Bank may vote for a resolution transmitted by the
 13 Board of Executive Directors which provides for the estab-
 14 lishment of such an account, and the operation and admin-
 15 istration of the account consistent with subsection (b).

16 “(b) GOVERNING RULES.—

17 “(1) USE OF FUNDS.—The Fund shall be used
 18 to provide assistance to reduce poverty and foster in-
 19 creased economic opportunity in the countries of the
 20 Western Hemisphere by—

21 “(A) nurturing public-private partnerships
 22 and microenterprise development;

23 “(B) improving the quality of life and in-
 24 vesting in human capital, specifically targeting
 25 education, health and disease prevention, nutri-
 26 tion, and housing;

1 “(C) strengthening the rule of law through
 2 improved efficiency and transparency in govern-
 3 ment services and increasing civil society par-
 4 ticipation in government; and

5 “(D) reducing poverty and eliminating the
 6 exclusion of marginalized populations, including
 7 people of African descent, indigenous groups,
 8 women, and people with disabilities.

9 “(2) APPLICATION FOR FUNDING THROUGH A
 10 COMPETITIVE PROCESS.—Any interested person or
 11 organization may submit an application for funding
 12 by the Fund.

13 “(3) TECHNICAL REVIEW COMMITTEE.—

14 “(A) IN GENERAL.—The Fund shall have
 15 a technical review committee.

16 “(B) MEMBERSHIP.—

17 “(i) IN GENERAL.—The Board of Ex-
 18 ecutive Directors of the Bank shall appoint
 19 to serve on the technical review committee
 20 individuals with technical expertise with re-
 21 spect to the development of Latin America
 22 and the Caribbean.

23 “(ii) CRITERIA FOR APPOINTMENT.—
 24 Technical expertise shall be the sole cri-

1 terion in making appointments to the tech-
2 nical review committee.

3 “(C) DUTIES.—The technical review com-
4 mittee shall review all projects proposed for
5 funding by the Fund, and make recommenda-
6 tions to the Board of Executive Directors of the
7 Bank with respect to the guidelines to be used
8 in evaluating project proposals and the suit-
9 ability of the proposed projects for funding.

10 “(D) CONFLICTS OF INTEREST.—A mem-
11 ber of the technical review committee shall not
12 be permitted to review an application submitted
13 by an organization with which the member has
14 been or is affiliated.

15 “(4) REVIEW OF PROPOSED PROJECTS.—Not
16 more frequently than once each year, the Board of
17 Executive Directors of the Bank shall review and
18 make decisions on applications for projects to be
19 funded by the Fund, in accordance with procedures
20 which provide for transparency. The Board of Exec-
21 utive Directors shall provide advance notice to all in-
22 terested parties of any date on which such a review
23 will be conducted.

24 “(5) CONSULTATIVE COMMITTEE.—

1 “(A) IN GENERAL.—Each country that re-
2 ceives assistance under this section shall estab-
3 lish a Consultative Committee to make rec-
4 ommendations regarding how such assistance
5 should be used to carry out the policy set out
6 in section 2(b) of the Social Investment and
7 Economic Development Fund for the Americas
8 Act of 2005.

9 “(B) MEMBERSHIP.—A Consultative Com-
10 mittee should include individuals from civil soci-
11 ety organizations that represent or have experi-
12 ence in the following:

13 “(i) Marginalized populations.

14 “(ii) Trade and small farmer unions.

15 “(iii) Rural development and agrarian
16 reform.

17 “(iv) Microenterprise and grassroots
18 development.

19 “(v) Access to government social serv-
20 ices.

21 “(vi) Rule of law and government re-
22 form.

23 “(C) DUTIES.—A Consultative Committee
24 in a country shall—

1 “(i) make recommendations to the
2 technical review committee established
3 under paragraph (3) and appropriate coun-
4 try representative of the Bank on projects
5 to receive assistance provided under this
6 section that affect such country;

7 “(ii) have access documents and other
8 information related to project proposals
9 and funding decisions that affect such
10 country; and

11 “(iii) develop and publish rules and
12 procedures under which the Committee will
13 carry out its duties.

14 “(D) CONFLICTS OF INTEREST.—A mem-
15 ber of a Consultative Committee may not be
16 permitted to review an application submitted by
17 an organization with which the member has
18 been or is affiliated.

19 “(c) CONTRIBUTION AUTHORITY.—To the extent and
20 in the amounts provided in advance in appropriations
21 Acts, the United States Governor of the Bank may con-
22 tribute \$1,250,000,000 to the Fund.

23 “(d) LIMITATIONS ON AUTHORIZATION OF APPRO-
24 PRIATIONS.—

1 “(1) IN GENERAL.—For the contribution au-
 2 thorized by subsection (c), there are authorized to be
 3 appropriated for payment to the Secretary of the
 4 Treasury \$250,000,000 for each fiscal year begin-
 5 ning with the fiscal year in which the resolution de-
 6 scribed in subsection (a) is adopted.

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

9 “(A) are authorized to remain available
 10 until expended; and

11 “(B) are in addition to amounts otherwise
 12 available for such purposes.

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

17 **SEC. 5. SENSE OF CONGRESS.**

18 It is the sense of Congress that—

19 (1) the countries of the Western Hemisphere
 20 should collectively provide assistance equal to the
 21 amount of United States bilateral assistance pro-
 22 vided under chapter 13 of part I of the Foreign As-
 23 sistance Act of 1961, as added by section 3 of this
 24 Act, and multilateral assistance provided by the So-
 25 cial Investment and Economic Development Fund

1 for the Americas under section 39 of the Inter-
2 American Development Bank Act, as added by sec-
3 tion 4 of this Act, for the same purpose for which
4 such assistance was provided;

5 (2) funds authorized to be appropriated to
6 carry out this Act or the amendments made by this
7 Act should be in addition to funds otherwise made
8 available on an annual basis to countries in the
9 Americas pursuant to other United States foreign
10 assistance programs; and

11 (3) it should be the policy of the United States
12 to seek to increase the amount of assistance pro-
13 vided to the countries of the Americas from the
14 United States and other members of the Inter-Amer-
15 ican Development Bank for a fiscal year beginning
16 after the date of the enactment of this Act to an
17 amount that is more than such amount provided
18 during fiscal years beginning prior to such date.

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