

FIRST REPLENISHMENT OF THE RESOURCES OF THE ENTERPRISE FOR THE AMERICAS MULTILATERAL INVESTMENT FUND

APRIL 4, 2006.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. OXLEY, from the Committee on Financial Services,
submitted the following

R E P O R T

together with

DISSENTING VIEWS

[To accompany H.R. 4916]

[Including cost estimate of the Congressional Budget Office]

The Committee on Financial Services, to whom was referred the bill (H.R. 4916) to authorize United States participation in, and appropriations for, the United States contribution to the first replenishment of the resources of the Enterprise for the Americas Multilateral Investment Fund, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

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PURPOSE AND SUMMARY

The purpose of H.R. 4916 is to authorize United States participation in, and appropriations for, the United States contribution to the first replenishment of the resources of the Enterprise for the Americas Multilateral Investment Fund.

BACKGROUND AND NEED FOR LEGISLATION

The Multilateral Investment Fund (MIF) was created in 1993 as part of the “Enterprise for the Americas” initiative to provide technical assistance to stimulate innovation and economic growth in Latin American and Caribbean countries. Operated through the Inter-American Development Bank (IADB), MIF is governed by a Donors Committee—composed of 37 countries—of which the U.S. is the largest contributor. The Donors Committee approves all MIF projects and establishes strategic priorities.

Currently the only private sector grant program in any multilateral development bank, the central goal of the MIF is to utilize grants and investments to assist in developing micro enterprises, build worker skills, strengthen environmental management and improve the functions of financial markets. Approximately 80% of MIF projects are undertaken in direct partnership with private sector business associations, trade groups, foundations and NGOs. These organizations typically provide half the project costs. MIF has worked with over 400 private sector organizations throughout Latin America and the Caribbean and has approved over \$1 billion in 800 projects since its inception and is the largest provider of technical assistance to the Region. The MIF has a staff of fifty employees.

An example of MIF’s work is a project focused on the impact of remittances—transfers of money by foreign workers to their home countries—to Latin American economies. Among other things, the Fund’s efforts in this area have resulted in the lowering of fees to send remittances. This has been accomplished by facilitating more competition among service providers, by addressing broader-based issues related to the availability of financial services for immigrants, and by channeling remittances into economic development and job creation in the region.

H.R. 4916 was introduced on March 9, 2006, by Representatives Pryce, Frank, Maloney, and Biggert. This legislation is needed to authorize continued United States participation in, and appropriations for, the Multilateral Investment Fund. The total U.S. pledged contribution for MIF II—the current round of funding for which the Committee must authorize funds already committed to by the Treasury Department—is \$150 million over six years. An additional \$352 million was pledged by 36 other countries. The first installment payment of \$25 million, due to be paid by the U.S. in October 2007, was included in the President’s FY 2007 Budget.

Though not addressed in H.R. 4916, the U.S. has an overdue balance of \$26.8 million that was promised to the MIF as part of the initial \$500 million U.S. pledge to the Fund in 1993. No request

was made in the Administration's FY 2007 Budget to address these arrearages. The Committee urges the Administration to seek appropriate funding to pay this debt.

HEARINGS

No hearings were held on H.R. 4916 in the 109th Congress.

COMMITTEE CONSIDERATION

The Committee on Financial Services met in open session on March 15, 2006 and ordered reported to the House H.R. 4916, to authorize United States participation in, and appropriations for, the United States contribution to the first replenishment of the resources of the Enterprise for the Americas Multilateral Investment, by voice vote.

COMMITTEE VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee to list the record votes on the motion to report legislation and amendments thereto. No record votes were taken in conjunction with the consideration of this legislation. A motion by Mr. Oxley to report the bill to the House with a favorable recommendation was agreed to by a voice vote. During consideration of the bill, an amendment offered by Mr. Meeks, No. 1, improving the economic situation of African descendants, was offered and withdrawn.

COMMITTEE OVERSIGHT FINDINGS

Pursuant to clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee held a hearing and made findings that are reflected in this report.

PERFORMANCE GOALS AND OBJECTIVES

Pursuant to clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the Committee establishes the following performance related goals and objectives for this legislation:

Through reliance on the private sector, the goal of the Multilateral Investment Fund is to provide assistance in the economic development in Latin American and Caribbean countries.

NEW BUDGET AUTHORITY, ENTITLEMENT AUTHORITY, AND TAX EXPENDITURES

In compliance with clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee adopts as its own the estimate of new budget authority, entitlement authority, or tax expenditures or revenues contained in the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act.

COMMITTEE COST ESTIMATE

The Committee adopts as its own the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974.

CONGRESSIONAL BUDGET OFFICE ESTIMATE

Pursuant to clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, the following is the cost estimate provided by the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, March 28, 2006.

Hon. MICHAEL G. OXLEY,
Chairman, Committee on Financial Services,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 4916, a bill to authorize United States participation in, and appropriations for, the U.S. contribution to the first replenishment of the resources of the Enterprise for the Americas Multilateral Investment Fund.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Sam Papenfuss.

Sincerely,

DONALD B. MARRON,
Acting Director.

Enclosure.

H.R. 4916—A bill to authorize United States participation in, and appropriations for, the United States contribution to the first replenishment of the resources of the Enterprise for the Americas Multilateral Investment Fund

Summary: H.R. 4916 would authorize the appropriation of \$150 million to replenish the resources of the Enterprise for the Americas Multilateral Investment Fund.

CBO estimates that implementing H.R. 4916 would cost \$3 million in 2007 and \$81 million over the 2007–2011 period, assuming appropriation of the authorized amounts over the next several years. Enacting the bill would not affect direct spending or receipts.

H.R. 4916 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. 4916 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 Enterprise for the Americas Multilateral Investment Fund:						
Budget Authority ¹	2	0	0	0	0	0
Estimated Outlays	30	24	17	10	5	0
Proposed Changes:						
Estimated Authorization Level	0	25	25	25	25	25
Estimated Outlays	0	3	10	18	25	25

	By fiscal year, in millions of dollars—					
	2006	2007	2008	2009	2010	2011
Spending Under H.R. 4916 for the Enterprise for the Americas Multilateral Investment Fund:						
Estimated Authorization Level ¹	2	25	25	25	25	25
Estimated Outlays	30	27	27	28	30	25

¹The 2006 level is the amount appropriated for that year for the Enterprise for the Americas Multilateral Investment Fund.

Basis of Estimate: The bill would authorize the appropriation of \$150 million to replenish the resources of the Enterprise for the Americas Multilateral Investment Fund. This fund is an arm of the Inter-American Development Bank. Its primary purpose is to provide grants and loans to foster private-sector development in Latin America and the Carribean.

In negotiations completed last year, the Administration has pledged to provide \$150 million to replenish the Enterprise for the Americas Multilateral Investment Fund. International agreements to replenish the resources of multilateral development banks typically cover a number of years. According to the Office of Management and Budget, this replenishment agreement calls for the provision of \$25 million a year for six years beginning in 2007. Thus, CBO assumes that the replenishment amounts would be appropriated in six equal installments over that period. CBO estimates that implementing this bill would cost \$3 million in 2007, and \$81 million over the 2007–2011 period, assuming appropriation of the estimated amounts for each year.

Intergovernmental and private-sector impact: H.R. 4916 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

Estimate prepared by: Federal Costs: Sam Papenfuss. Impact on State, Local, and Tribal Governments: Melissa Merrell. Impact on the Private Sector: Paige Piper/Bach.

Estimate approved by: Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.

FEDERAL MANDATES STATEMENT

The Committee adopts as its own the estimate of Federal mandates prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act.

ADVISORY COMMITTEE STATEMENT

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act were created by this legislation.

CONSTITUTIONAL AUTHORITY STATEMENT

Pursuant to clause 3(d)(1) of rule XIII of the Rules of the House of Representatives, the Committee finds that the Constitutional Authority of Congress to enact this legislation is provided by Article 1, section 8, clause 1 (relating to the general welfare of the United States) and clause 3 (relating to the power to regulate interstate commerce).

APPLICABILITY TO LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act.

SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

Section 1. First replenishment of the resources of the Enterprise for the Americas Multilateral Investment Fund

This section amends the Inter-American Development Bank Act (22 U.S.C. 283 et seq.) to authorize the Secretary of the Treasury to contribute \$150,000,000 on behalf of the United States to the first replenishment of the resources of the Enterprise for the Americas Multilateral Investment Fund for payment without fiscal year limitation.

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 (new matter is printed in italic and existing law in which no change is proposed is shown in roman):

INTER-AMERICAN DEVELOPMENT BANK ACT

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SEC. 39. FIRST REPLENISHMENT OF THE RESOURCES OF THE ENTERPRISE FOR THE AMERICAS MULTILATERAL INVESTMENT FUND.

(a) **CONTRIBUTION AUTHORITY.**—

(1) **IN GENERAL.**—*The Secretary of the Treasury may contribute on behalf of the United States \$150,000,000 to the first replenishment of the resources of the Enterprise for the Americas Multilateral Investment Fund.*

(2) **SUBJECT TO APPROPRIATIONS.**—*The authority provided by paragraph (1) may be exercised only to the extent and in the amounts provided for in advance in appropriations Acts.*

(b) **LIMITATIONS ON AUTHORIZATION OF APPROPRIATIONS.**—*For the United States contribution authorized by subsection (a), there are authorized to be appropriated not more than \$150,000,000, without fiscal year limitation, for payment by the Secretary of the Treasury.*

DISSENTING VIEWS

Congress can do a great service to the American taxpayer, as well as to people in Latin America and the Caribbean, by rejecting H.R. 4916, which reauthorizes United States participation in the Enterprise for the Americas Multilateral Investment Fund (MIF).

Congress has no constitutional authority to take money from American taxpayers and send that money overseas for any reason. Programs such as the MIF are not only unconstitutional, but, by removing resources from the control of consumers and placing them under the control of bureaucrats and politically powerful special interests, these programs actually retard economic development in the countries receiving this "aid!" This is because funds received from programs like the MIF are all-too-often wasted on political boondoggles that benefit the political elites, or the elites' favored special interests, in the recipient countries, but are of little benefit to the individual citizens of those countries.

Even if the MIF's allocations of resources is done without reference to the political influence of the potential beneficiaries, the MIF will still harm the economy. This is because programs like the MIF take capital out of private hands, where it can be allocated to its most productive use as determined by the choices of consumers in the market, and place it in the hands of politicians. Placing economic resources in the hands of politicians and bureaucrats inevitably results in inefficiencies, shortages, and economic crises, as even the best-intentioned politicians cannot know the most efficient use of resources. The fact that the MIF provide government subsidies to private interests instead of to governments in no way corrects the MIF's constitutional and economic defects.

In conclusion, H.R. 2243 authorizes the continued taking of taxpayer funds for unconstitutional and economically destructive programs. I therefore urge my colleagues to reject this bill, return the money to the American taxpayers, and show the world that the United States Congress is embracing the greatest means of generating prosperity: the free market.

RON PAUL.

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