

Calendar No. 534114TH CONGRESS
2^D SESSION**S. 1605**

To amend the Millennium Challenge Act of 2003 to authorize concurrent compacts for purposes of regional economic integration and cross-border collaborations, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JUNE 18, 2015

Mr. CARDIN (for himself, Mr. FLAKE, Mr. COONS, and Mr. ISAKSON) introduced the following bill; which was read twice and referred to the Committee on Foreign Relations

JUNE 28, 2016

Reported by Mr. CORKER, with an amendment

[Strike out all after the enacting clause and insert the part printed in *italic*]

A BILL

To amend the Millennium Challenge Act of 2003 to authorize concurrent compacts for purposes of regional economic integration and cross-border collaborations, 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,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Millennium Compacts
3 for Regional Economic Integration Act” or the “M-CORE
4 Act”.

5 **SEC. 2. FINDINGS.**

6 Congress makes the following findings:

7 (1) Over the last 50 years, economies around
8 the world have experienced significant and sustained
9 growth that has been fueled by support to regional
10 infrastructure and integrated trade agreements.

11 (2) Unfortunately, many countries and their
12 economies are isolated and will require greater sup-
13 port to benefit from regional integration of markets,
14 infrastructure, and trade promotion-type policies.

15 (3) By connecting isolated economies around
16 the world, there exists the potential to increase in-
17 vestment opportunities and support market-based
18 growth.

19 (4) Developing countries, international organi-
20 zations, and regional economic bodies have increas-
21 ingly realized that key drivers to economic growth
22 must involve greater cross-border collaboration and
23 regional economic integration.

24 (5) The Millennium Challenge Corporation
25 (MCC) plays a unique role in economic development
26 throughout the world and pursues its mission of re-

1 ducing poverty through economic growth by making
2 time-bound grant investments through data selec-
3 tivity, country ownership, and a focus on results.

4 (6) The MCC's compacts have increased access
5 to reliable power, built highway corridors, and im-
6 proved business climates, thereby promoting eco-
7 nomic growth and cross-border engagement within
8 MCC partner countries.

9 (7) The MCC's extensive analysis has concluded
10 that a regional approach to poverty reduction, under
11 the right circumstances, can present opportunities to
12 take advantage of higher rates of return on invest-
13 ment and larger scale reductions in poverty.

14 (8) This increased flexibility would promote eco-
15 nomic growth and cross-border engagement between
16 and among countries, creating larger and more com-
17 patible markets and enabling the United States pri-
18 vate sector to compete more effectively and partner
19 with the host-country private sectors.

20 (9) The MCC is developing new partnerships in
21 Asia, including implementation of current compacts
22 in Indonesia and the Philippines, new compacts for
23 Mongolia and the Philippines, and MCC's first-ever
24 compact engagement in South Asia.

1 (10) In Central America, the MCC's work in
2 road infrastructure could potentially have had an
3 even greater impact had the roads connected across
4 borders.

5 (11) In Africa, neighboring countries could col-
6 laborate on a regional power pool, connect land
7 locked countries to transport, or address other pol-
8 icy, institutional, and logistical issues that hamper
9 trade.

10 (12) To make a coordinated regional investment
11 across several countries work, the Board of Direc-
12 tors of the MCC would need to select a block of
13 countries at the same time to coordinate project de-
14 velopment and compact signings, which is unreal-
15 istic, or be able to enter into a concurrent compact
16 with one of those countries, for which it currently
17 lacks authority.

18 **SEC. 3. PURPOSE.**

19 The purpose of this Act is to expand the Millennium
20 Challenge Corporation's ability to develop compacts with
21 countries, particularly in Africa, that promote regional
22 economic integration and cross-border collaborations.

23 **SEC. 4. MILLENNIUM CHALLENGE COMPACT.**

24 (a) IN GENERAL.—Section 609 of the Millennium
25 Challenge Act of 2003 (22 U.S.C. 7708) is amended—

1 (1) in subsection (k), by striking the first sen-
2 tence; and

3 (2) by adding after subsection (k) the following
4 new subsection:

5 “(1) CONCURRENT COMPACTS.—An eligible country
6 and the United States that have entered into and have
7 in effect a Compact under this section may enter into and
8 have in effect at the same time not more than one addi-
9 tional Compact in accordance with the requirements of
10 this title if—

11 “(1) one or both of the Compacts are or will be
12 for purposes of regional economic integration, in-
13 creased regional trade, or cross-border collabora-
14 tions; and

15 “(2) the Board determines that the country is
16 making considerable and demonstrable progress in
17 implementing the terms of any existing Compacts
18 and supplementary agreements thereto.”.

19 (b) APPLICABILITY.—The amendments made by sub-
20 section (a) apply with respect to Compacts entered into
21 between the United States and an eligible country under
22 the Millennium Challenge Act of 2003 (22 U.S.C. 7701
23 et seq.) before, on, or after the date of the enactment of
24 this Act.

1 (e) CONFORMING AMENDMENT.—Section
 2 613(b)(2)(A) of such Act (~~22 U.S.C. 7712(b)(2)(A)~~) is
 3 amended by striking “the” before “Compact” and insert-
 4 ing “any”.

5 **SECTION 1. SHORT TITLE.**

6 *This Act may be cited as the “Millennium Compacts*
 7 *for Regional Economic Integration Act” or the “M-CORE*
 8 *Act”.*

9 **SEC. 2. PURPOSE.**

10 *The purpose of this Act is to expand the Millennium*
 11 *Challenge Corporation’s ability to develop compacts with*
 12 *countries, particularly in Africa, that promote regional eco-*
 13 *nomie integration and cross-border collaborations, and*
 14 *make other changes to the Millennium Challenge Act of*
 15 *2003 to promote the Millennium Challenge Corporation’s*
 16 *mission.*

17 **SEC. 3. MILLENNIUM CHALLENGE COMPACT.**

18 (a) *IN GENERAL.*—Section 609 of the Millennium
 19 *Challenge Act of 2003 (22 U.S.C. 7708) is amended—*

20 (1) *in subsection (k), by striking the first sen-*
 21 *tence; and*

22 (2) *by adding after subsection (k) the following*
 23 *new subsection:*

24 “(l) *CONCURRENT COMPACTS.*—*An eligible country*
 25 *and the United States that have entered into and have in*

1 *effect a Compact under this section may enter into and have*
 2 *in effect at the same time not more than one additional*
 3 *Compact in accordance with the requirements of this title*
 4 *if—*

5 “(1) *one or both of the Compacts are or will be*
 6 *for purposes of regional economic integration, in-*
 7 *creased regional trade, or cross-border collaborations;*
 8 *and*

9 “(2) *the Board determines that the country is*
 10 *making considerable and demonstrable progress in*
 11 *implementing the terms of any existing Compacts and*
 12 *supplementary agreements thereto.”.*

13 **(b) APPLICABILITY.**—*The amendments made by sub-*
 14 *section (a) apply with respect to Compacts entered into be-*
 15 *tween the United States and an eligible country under the*
 16 *Millennium Challenge Act of 2003 (22 U.S.C. 7701 et seq.)*
 17 *before, on, or after the date of the enactment of this Act.*

18 **(c) CONFORMING AMENDMENT.**—*Section 613(b)(2)(A)*
 19 *of such Act (22 U.S.C. 7712(b)(2)(A)) is amended by strik-*
 20 *ing “the Compact” and inserting “any Compact”.*

21 **SEC. 4. CANDIDACY STATUS.**

22 *Section 606(a)(2) of the Millennium Challenge Act of*
 23 *2003 (22 U.S.C. 7705) is amended—*

1 (1) by redesignating subparagraphs (A) and (B)
 2 as clauses (i) and (ii), respectively, and moving such
 3 clauses, as so redesignated, 2 ems to the right;

4 (2) by striking “FISCAL YEARS.—A country” and
 5 inserting the following “FISCAL YEARS.—

6 “(A) IN GENERAL.—A country”; and

7 (3) by adding at the end the following new sub-
 8 paragraph:

9 “(B) TREATMENT OF COUNTRIES WITH PER
 10 CAPITA INCOME CHANGES.—A country qualifying
 11 for candidate status under this section with a
 12 per capita income that changes in the fiscal year
 13 such that the country would be reclassified from
 14 a low income country to a lower middle income
 15 country or from a lower middle income country
 16 to a low income country shall retain its can-
 17 didacy status in its former income classification
 18 for such fiscal year and the two subsequent fiscal
 19 years.”.

20 **SEC. 5. CARRYOVER AUTHORITY FOR PRIVATE SECTOR**
 21 **MEMBERS OF BOARD OF DIRECTORS.**

22 Section 604(c)(4)(B) of the Millennium Challenge Act
 23 of 2003 (22 U.S.C. 7703(c)(4)(B)) is amended—

24 (1) by striking “3 years and may be” and insert-
 25 ing “3 years, may be”; and

1 (2) by inserting “, and may continue in each
2 appointment to serve until his or her successor is ap-
3 pointed, but in no case more than one year after such
4 appointment or reappointment, as the case may be,
5 has expired” after “an additional 2 years”.

6 **SEC. 6. PUBLIC NOTIFICATION OF ENTERING INTO A COM-**
7 **PACT.**

8 Section 610 of the Millennium Challenge Act of 2003
9 (22 U.S.C. 7709(b)) is amended by striking paragraph (2)
10 and inserting the following new paragraph:

11 “(2) shall publish in the Federal Register a no-
12 tice that such detailed summary and the text of the
13 Compact is available on the Internet website of the
14 Corporation and provide the address of the website.”.

15 **SEC. 7. RESTRICTION ON THE USE OF THRESHOLD PRO-**
16 **GRAM FUNDS.**

17 Subsection (d) of section 616 of the Millennium Chal-
18 lenge Act of 2003 (22 U.S.C. 7715) is amended to read as
19 follows:

20 “(d) FUNDING.—

21 “(1) FISCAL YEAR 2004.—Not more than 10 per-
22 cent of the amount appropriated pursuant to the au-
23 thorization of appropriations under section 619(a) for
24 fiscal year 2004 is authorized to be made available to
25 carry out this section.

1 “(2) *RESTRICTION RELATING TO THRESHOLD*
 2 *PROGRAMS.—None of the funds authorized to carry*
 3 *out the purposes of this Act shall be available for as-*
 4 *istance under this section to a country that does not*
 5 *qualify as a candidate country under section 606 for*
 6 *the fiscal year when such assistance is provided.”.*

7 **SEC. 8. ADDITIONAL REPORTING TO THE BOARD ON THE**
 8 **TREATMENT OF CIVIL SOCIETY IN AN ELIGI-**
 9 **BLE COUNTRY.**

10 *Section 607 of the Millennium Challenge Act of 2003*
 11 *(22 U.S.C. 7706) is amended—*

12 (1) *in subsection (b)(1)—*

13 (A) *in subparagraph (D), by striking “;*
 14 *and” and inserting a semicolon;*

15 (B) *in subparagraph (E), by striking the*
 16 *semicolon at the end and inserting “; and”; and*

17 (C) *by adding at the end the following new*
 18 *subparagraph:*

19 “(F) *the quality of the civil society enabling*
 20 *environment;”;*

21 (2) *by redesignating subsections (d) and (e) as*
 22 *subsections (f) and (g), respectively; and*

23 (3) *by inserting after subsection (c) the following*
 24 *new subsection:*

1 “(e) *REPORTING ON TREATMENT OF CIVIL SOCIETY.—*
2 *Before the Board selects an eligible country for a Compact*
3 *under section 607(c), the Corporation shall provide to the*
4 *Board information on the country’s treatment of civil soci-*
5 *ety, including classified information when appropriate. The*
6 *information shall include an assessment and analysis of*
7 *factors such as—*

8 “(1) *any relevant laws governing the formation*
9 *or establishment of a civil society organization, par-*
10 *ticularly laws intended to curb the activities of for-*
11 *foreign civil society organizations;*

12 “(2) *any relevant laws governing the operations*
13 *of a civil society organization, particularly those laws*
14 *seeking to define or otherwise regulate the actions of*
15 *foreign civil society organizations;*

16 “(3) *laws relating to the legal status of civil soci-*
17 *ety organizations, including laws which effectively*
18 *discriminate against foreign civil society organiza-*
19 *tions as compared to similarly situated domestic or-*
20 *ganizations;*

21 “(4) *laws regulating the freedom of expression*
22 *and peaceful assembly; and*

23 “(5) *laws regulating the usage of the Internet*
24 *generally and by foreign civil society organizations in*
25 *particular.”.*

1 **SEC. 9. STUDY ON SUBNATIONAL COMPACTS.**

2 (a) *IN GENERAL.*—Not later than 180 days after the
3 date of the enactment of this Act, the Millennium Challenge
4 Corporation shall submit to the appropriate congressional
5 committees a study assessing the feasibility and desirability
6 of developing partnerships at the subnational level within
7 candidate countries that would be complementary to, and,
8 where applicable, concurrent with, any Millennium Chal-
9 lenge Corporation national-level or regional investments.

10 (b) *CONTENT.*—The study required under subsection
11 (a) shall examine, at a minimum, the following issues:

12 (1) *The extent to which targeting investments at*
13 *the subnational level might provide new opportunities*
14 *for reducing poverty through economic growth.*

15 (2) *The extent to which traditional approaches to*
16 *defining poverty may not adequately capture the na-*
17 *ture of poverty within a country.*

18 (3) *What types of subnational entities might be*
19 *appropriate partners for subnational Millennium*
20 *Challenge Corporation compacts, how such candidates*
21 *might best be identified, and what role each national*
22 *government should play in creating or implementing*
23 *a subnational partnership.*

24 (c) *APPROPRIATE CONGRESSIONAL COMMITTEES DE-*
25 *FINED.*—In this section, the term “appropriate congres-
26 sional committees” means—

- 1 (1) *the Committee on Foreign Relations and the*
2 *Committee on Appropriations of the Senate; and*
3 (2) *the Committee on Foreign Affairs and the*
4 *Committee on Appropriations of the House of Rep-*
5 *resentatives.*

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