

1 PEACE CORPS  
2 (INCLUDING TRANSFER OF FUNDS)  
3 For necessary expenses to carry out the provisions  
4 of the Peace Corps Act (75 Stat. 612), including the pur-  
5 chase of not to exceed five passenger motor vehicles for  
6 administrative purposes for use outside of the United  
7 States, \$323,500,000, to remain available until September  
8 30, 2009: *Provided*, That none of the funds appropriated  
9 under this heading shall be used to pay for abortions: *Pro-*  
10 *vided further*, That the Director may transfer to the For-  
11 eign Currency Fluctuations Account, as authorized by 22  
12 U.S.C. 2515, an amount not to exceed \$2,000,000: *Pro-*  
13 *vided further*, That funds transferred pursuant to the pre-  
14 vious proviso may not be derived from amounts made  
15 available for Peace Corps overseas operations.

16 MILLENNIUM CHALLENGE CORPORATION  
17 For necessary expenses to carry out the provisions  
18 of the Millennium Challenge Act of 2003, \$1,400,000,000,  
19 to remain available until expended: *Provided*, That of the  
20 funds appropriated under this heading, up to \$75,000,000  
21 may be available for administrative expenses of the Millen-  
22 nium Challenge Corporation: *Provided further*, That up to  
23 10 percent of the funds appropriated under this heading  
24 may be made available to carry out the purposes of section  
25 616 of the Millennium Challenge Act of 2003 for can-  
26 didate countries for fiscal year 2008: *Provided further*,

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1 That none of the funds available to carry out section 616  
2 of such Act may be made available until the Chief Execu-  
3 tive Officer of the Millennium Challenge Corporation pro-  
4 vides a report to the Committees on Appropriations listing  
5 the candidate countries that will be receiving assistance  
6 under section 616 of such Act, the level of assistance pro-  
7 posed for each such country, a description of the proposed  
8 programs, projects and activities, and the implementing  
9 agency or agencies of the United States Government: *Pro-*  
10 *vided further*, That section 605(e)(4) of the Millennium  
11 Challenge Act of 2003 shall apply to funds appropriated  
12 under this heading: *Provided further*, That funds appro-  
13 priated under this heading may be made available for a  
14 Millennium Challenge Compact entered into pursuant to  
15 section 609 of the Millennium Challenge Act of 2003 only  
16 if such Compact obligates, or contains a commitment to  
17 obligate subject to the availability of funds and the mutual  
18 agreement of the parties to the Compact to proceed, the  
19 entire amount of the United States Government funding  
20 anticipated for the duration of the Compact.

## DEPARTMENT OF STATE

### DEMOCRACY FUND

23 (a) For necessary expenses to carry out the provisions  
24 of the Foreign Assistance Act of 1961 for the promotion  
25 of democracy globally, \$177,000,000, of which the fol-

AFRICAN DEVELOPMENT FOUNDATION

Appropriations, 2007 .....	\$22,770,000
Budget estimate, 2008 .....	30,000,000
House allowance .....	30,000,000
Committee recommendation .....	30,000,000

The Committee recommends \$30,000,000 for the African Development Foundation.

PEACE CORPS

(INCLUDING TRANSFER OF FUNDS)

Appropriations, 2007 .....	\$319,640,000
Budget estimate, 2008 .....	333,500,000
House allowance .....	333,500,000
Committee recommendation .....	323,500,000

The Committee recommends \$323,500,000 for the Peace Corps.

MILLENNIUM CHALLENGE CORPORATION

Appropriations, 2007 .....	\$1,752,300,000
Budget estimate, 2008 .....	3,000,000,000
House allowance .....	1,800,000,000
Committee recommendation .....	1,400,000,000

The Committee recommends \$1,400,000,000 for the MCC. Since fiscal year 2004 the Committee has provided a total of \$6,000,000,000 for the MCC, of which \$5,100,000,000 is available for compact assistance. The Committee is aware that according to the GAO, only \$3,000,000,000 of that amount had been obligated for 11 compacts, of which less than 1/30th has been disbursed. The slow rate of disbursement reflects, in part, the MCC's overly optimistic estimates of compact countries' capacity to meet compact requirements, which may result in significant unobligated but undisbursed balances when compacts expire. There are few tangible results that can be measured from any of these compacts. The unobligated balance currently available for compact assistance is \$2,100,000,000.

According to the MCC, four compacts are projected for signature in fiscal year 2008, for a total of \$1,776,000,000. Other expenses (\$200,000,000) and threshold country programs (\$190,000,000) are projected to total \$390,000,000. The MCC requires \$1,386,000,000 to sign the four projected compacts in fiscal year 2008 (in addition to the planned use of \$578,000,000 in carry over funding). Accordingly, and partly due to budget constraints, the Committee provides \$1,400,000,000 for the MCC in fiscal year 2008. The Committee notes that as of March 2007, the average size of compacts

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is \$271,000,000, but that for fiscal year 2008, the average size would increase to \$485,000,000. The Committee further notes that one of these compacts, for Tanzania, a country of 37 million people, would require \$699,000,000, exceeding the combined total of the fiscal year 2008 budget requests under the DA and ESF accounts for all of sub-Saharan Africa. The Committee questions whether this is the most effective use of scarce resources for a continent of close to a billion people, most of whom are impoverished.

The Committee supports the goals of the MCC to provide assistance in a manner that promotes economic growth, reduces extreme poverty, and strengthens good governance, economic freedom, and investments in people. However, the Committee has been disappointed in several respects by the way it has been implemented. Compacts have been signed with some countries of little if any strategic importance to the United States. Only a minuscule portion of funding has been devoted to improving health, education or governance, which is necessary to alleviate poverty. No compacts have included judicial reform as a primary component, although violent crime, corruption and dysfunctional judicial systems are an impediment to development in many of the countries that have signed compacts.

The Committee was faced with difficult choices, caused in part by the administration's decision to not include any funds for the Global Fund to Fight AIDS, TB and Malaria in its budget request for State, Foreign Operations, as well as by arrears owed in connection with binding treaty obligations. Accordingly, the Committee has provided funding sufficient only for the MCC's projected four compacts in fiscal year 2008. The Committee directs the MCC to proceed judiciously regarding future compacts until the results of compacts previously signed can be evaluated. The Committee directs the Comptroller General to audit and assess the financial management and oversight of MCC programs.

*Report.*—The Committee notes that MCC compacts often focus on infrastructure to improve trade capacity and the movement of goods to markets. The Committee urges the MCC and compact countries to consider environmental factors in the planning and development of infrastructure. The Committee directs the MCC to submit a report not later than 90 days after enactment of this act, detailing the programmatic measures and investments the MCC intends to undertake to address any adverse social and environmental consequences of infrastructure investments. In addition, the

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