

**BUILD ACT OF 2018; UNITED STATES-ISRAEL SECURITY ASSISTANCE AUTHORIZATION ACT OF 2018; HACK YOUR STATE DEPARTMENT ACT; ENERGY DIPLOMACY ACT OF 2018; INTERNATIONAL SECURITY ASSISTANCE ACT OF 2018; AND GLOBAL ENGAGEMENT CENTER AUTHORITIES ACT OF 2018**

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**MARKUP**

BEFORE THE

**COMMITTEE ON FOREIGN AFFAIRS  
HOUSE OF REPRESENTATIVES**

ONE HUNDRED FIFTEENTH CONGRESS

SECOND SESSION

ON

**H.R. 5105, H.R. 5141, H.R. 5433, H.R. 5535,  
H.R. 5677, and H.R. 5681**

\_\_\_\_\_  
MAY 9, 2018  
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**Serial No. 115-127**

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**BUILD ACT OF 2018; UNITED STATES-ISRAEL SECURITY ASSISTANCE AUTHORIZATION ACT OF 2018; HACK YOUR STATE DEPARTMENT ACT; ENERGY DIPLOMACY ACT OF 2018; INTERNATIONAL SECURITY ASSISTANCE ACT OF 2018; AND GLOBAL ENGAGEMENT CENTER AUTHORITIES ACT OF 2018**

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**WEDNESDAY, MAY 9, 2018**

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON FOREIGN AFFAIRS,  
*Washington, DC.*

The committee met, pursuant to notice, at 10:07 a.m., in room 2172, Rayburn House Office Building, Hon. Ed Royce (chairman of the committee) presiding.

Chairman ROYCE. The committee will come to order.

Pursuant to notice, we meet today to mark up six bipartisan measures. Without objection, all members may have 5 days to submit statements or extraneous material on today's business.

As members were notified yesterday, we intend to consider today's measures en bloc. And so, without objection, the following items previously provided to members—by the way, these are also in your packets. These will all be considered en bloc and are considered as read.

We start with 5105. This is the BUILD Act, Mr. Yoho's the BUILD Act. The Royce amendment in the nature of a substitute and the following amendments: Connolly amendment 1 and 67; Engel amendments 3 and 4; Frankel amendment No. 34; Keating amendments 64, 65, and 66; Royce amendment 112; Sherman amendments 54, 58, 60 and 62; and Torres amendment 90.

Now we have H.R. 5141, the U.S.-Israel Security Assistance Authorization Act. The Royce amendment in the nature of a substitute and the following amendments: Cicilline amendment 139; Meadows amendment 128; Wilson amendment 54.

Then we have the Hack Your State Department Act, H.R. 5433. We have the Lieu amendment 115 in the nature of a substitute to the bill.

We have H.R. 5535, the Energy Diplomacy Act, with the Kinzinger amendment 27.

H.R. 5677, this is the International Security Assistance Act, with the Engel amendment 1, the Lieu amendment 111, the Royce amendment 111, and Yoho amendment 116.

And lastly, we have H.R. 5681, the Global Engagement Center Authorities Act and the Sherman amendment 56.

[The information referred to follows:]

115TH CONGRESS  
2D SESSION

# H. R. 5105

To establish the United States International Development Finance Corporation, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 27, 2018

Mr. YOHO (for himself and Mr. SMITH of Washington) introduced the following bill; which was referred to the Committee on Foreign Affairs

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## A BILL

To establish the United States International Development Finance Corporation, 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; TABLE OF CONTENTS.**

4 (a) **SHORT TITLE.**—This Act may be cited as the  
5 “Better Utilization of Investments Leading to Develop-  
6 ment Act of 2018” or the “BUILD Act of 2018”.

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

Sec. 1. Short title; table of contents.

Sec. 2. Definitions.

TITLE I—ESTABLISHMENT

- Sec. 101. Statement of policy.
- Sec. 102. United States International Development Finance Corporation.
- Sec. 103. Management of Corporation.
- Sec. 104. Inspector General of the Corporation.

#### TITLE II—AUTHORITIES

- Sec. 201. Authorities relating to provision of support.
- Sec. 202. Terms and conditions.
- Sec. 203. Payment of losses.
- Sec. 204. Termination.

#### TITLE III—ADMINISTRATIVE AND GENERAL PROVISIONS

- Sec. 301. Operations.
- Sec. 302. Corporate powers.
- Sec. 303. Maximum contingent liability.
- Sec. 304. Corporate funds.
- Sec. 305. Coordination with Millennium Challenge Corporation on constraints analysis.

#### TITLE IV—MONITORING, EVALUATION, AND REPORTING

- Sec. 401. Establishment of risk and audit committees.
- Sec. 402. Performance measures.
- Sec. 403. Annual report.
- Sec. 404. Publicly available project information.
- Sec. 405. Audits and financial statements of the Corporation.
- Sec. 406. Engagement with investors.

#### TITLE V—CONDITIONS, RESTRICTIONS, AND PROHIBITIONS

- Sec. 501. Limitations and preferences.
- Sec. 502. Additionality and avoidance of market distortion.
- Sec. 503. Prohibition on support in sanctioned countries and with sanctioned persons.
- Sec. 504. Penalties for misrepresentation, fraud, and bribery.
- Sec. 505. Market displacement by state-owned enterprises and monopolies.

#### TITLE VI—TRANSITIONAL PROVISIONS

- Sec. 601. Definitions.
- Sec. 602. Reorganization plan.
- Sec. 603. Transfer of functions.
- Sec. 604. Termination of Overseas Private Investment Corporation and other superceded authorities.
- Sec. 605. Transitional authorities.
- Sec. 606. Savings provisions.
- Sec. 607. Other terminations.
- Sec. 608. Incidental transfers.
- Sec. 609. Reference.
- Sec. 610. Conforming amendments.

### 1 SEC. 2. DEFINITIONS.

2 In this Act:

1           (1) APPROPRIATE CONGRESSIONAL COMMIT-  
2           TEES.—The term “appropriate congressional com-  
3           mittees” means—

4                   (A) the Committee on Foreign Relations  
5                   and the Committee on Appropriations of the  
6                   Senate; and

7                   (B) the Committee on Foreign Affairs and  
8                   the Committee on Appropriations of the House  
9                   of Representatives.

10          (2) LESS DEVELOPED COUNTRY.—The term  
11          “less developed country” means a country with a  
12          low-income economy, lower-middle-income economy,  
13          or upper-middle-income economy, as defined by the  
14          International Bank for Reconstruction and Develop-  
15          ment and the International Development Association  
16          (collectively referred to as the “World Bank”).

17          (3) PREDECESSOR AUTHORITY.—The term  
18          “predecessor authority” means authorities repealed  
19          by title VI.

20          (4) QUALIFYING SOVEREIGN ENTITY.—The  
21          term “qualifying sovereign entity” means—

22                   (A) any agency or instrumentality of a for-  
23                   eign state (as defined in section 1603 of title  
24                   28, United States Code); and



1 (B) any international financial institution  
2 (as defined in section 1701(c) of the Inter-  
3 national Financial Institutions Act (22 U.S.C.  
4 262r(e))).

## 5 **TITLE I—ESTABLISHMENT**

### 6 **SEC. 101. STATEMENT OF POLICY.**

7 It is the policy of the United States to facilitate mar-  
8 ket-based private sector development and economic growth  
9 in less developed countries through the provision of credit,  
10 capital, and other financial support—

11 (1) to mobilize private capital in support of sus-  
12 tainable, broad-based economic growth, poverty re-  
13 duction, and development through demand-driven  
14 partnerships with the private sector that further the  
15 foreign policy interests of the United States;

16 (2) to finance development in a way that builds  
17 and strengthens civic institutions, promotes competi-  
18 tion, provides for public accountability and trans-  
19 parency;

20 (3) to help private sector actors overcome iden-  
21 tifiable market gaps and inefficiencies without dis-  
22 torting markets;

23 (4) to achieve clearly defined economic and so-  
24 cial development outcomes;



1 sector capital and skills in the economic development of  
2 less developed countries, as described in subsection (c),  
3 and countries in transition from nonmarket to market  
4 economies, in order to complement the development assist-  
5 ance objectives, and advance the foreign policy interests,  
6 of the United States. In carrying out its purpose, the Cor-  
7 poration, utilizing broad criteria, shall take into account  
8 in its financing operations the economic and financial  
9 soundness of projects for which it provides support under  
10 title II.

11 (c) LESS DEVELOPED ECONOMY FOCUS.—

12 (1) IN GENERAL.—The Corporation shall  
13 prioritize the provision of support under title II in  
14 countries with low-income economies or lower-mid-  
15 dle-income economies, as defined by the World  
16 Bank.

17 (2) SUPPORT IN COUNTRIES WITH UPPER-MID-  
18 DLE-INCOME ECONOMIES.—The Corporation shall  
19 restrict the provision of support under title II in a  
20 country with an upper-middle-income economy, as  
21 defined by the World Bank, unless—

22 (A) the President determines such support  
23 furthers the national economic or foreign policy  
24 interests of the United States; and

1 (B) such support is likely to be highly de-  
2 velopmental or provide developmental benefits  
3 to the poorest population of that country.

4 (d) AUTHORIZATION TO MAKE EXPENDITURES AND  
5 COMMITMENTS.—The Corporation may make, without re-  
6 gard to fiscal year limitation, such expenditures and com-  
7 mitments as may be necessary using amounts appro-  
8 priated to the Corporation pursuant to section 9104 of  
9 title 31, United States Code, and otherwise in accordance  
10 with law.

11 (e) PROJECT-SPECIFIC TRANSACTION COSTS NOT  
12 ADMINISTRATIVE EXPENSES.—Project-specific trans-  
13 action costs, including direct and indirect costs incurred  
14 in claims settlements, and other direct costs associated  
15 with the provision of support to private sector entities and  
16 qualifying sovereign entities under title II shall not be con-  
17 sidered administrative expenses for the purposes of this  
18 section.

19 **SEC. 103. MANAGEMENT OF CORPORATION.**

20 (a) STRUCTURE OF CORPORATION.—There shall be  
21 in the Corporation a Board of Directors (in this Act re-  
22 ferred to as the “Board”), a Chief Executive Officer, a  
23 Deputy Chief Executive Officer, a Chief Risk Officer, and  
24 such other officers as the Board may determine.

25 (b) BOARD OF DIRECTORS.—

1           (1) DUTIES.—All powers of the Corporation  
2 shall vest in and be exercised by or under the au-  
3 thority of the Board. The Board—

4           (A) shall perform the functions specified to  
5 be carried out by the Board in this Act; and

6           (B) may prescribe, amend, and repeal by-  
7 laws, rules, regulations, and procedures gov-  
8 erning the manner in which the business of the  
9 Corporation may be conducted and in which the  
10 powers granted to the Corporation by law may  
11 be exercised.

12           (2) MEMBERSHIP OF BOARD.—

13           (A) IN GENERAL.—The Board shall consist  
14 of—

15           (i) the Chief Executive Officer of the  
16 Corporation;

17           (ii) the officers specified in subpara-  
18 graph (B); and

19           (iii) four other individuals who shall  
20 be appointed by the President, by and with  
21 the advice and consent of the Senate, of  
22 which—

23           (I) one individual should be ap-  
24 pointed from among a list of individ-  
25 uals submitted by the majority leader

1 of the Senate after consultation with  
2 the chairman of the Committee on  
3 Foreign Relations of the Senate;

4 (II) one individual should be ap-  
5 pointed from among a list of individ-  
6 uals submitted by the minority leader  
7 of the Senate after consultation with  
8 the ranking member of the Committee  
9 on Foreign Relations of the Senate;

10 (III) one individual should be ap-  
11 pointed from among a list of individ-  
12 uals submitted by the Speaker of the  
13 House of Representatives after con-  
14 sultation with the chairman of the  
15 Committee on Foreign Affairs of the  
16 House of Representatives; and

17 (IV) one individual should be ap-  
18 pointed from among a list of individ-  
19 uals submitted by the minority leader  
20 of the House of Representatives after  
21 consultation with the ranking member  
22 of the Committee on Foreign Affairs  
23 of the House of Representatives.

24 (B) OFFICERS SPECIFIED.—

1 (i) IN GENERAL.—The officers speci-  
2 fied in this subparagraph are the following:

3 (I) The Secretary of State or a  
4 designee of the Secretary.

5 (II) The Administrator of the  
6 United States Agency for Inter-  
7 national Development or a designee of  
8 the Administrator.

9 (III) The Secretary of the Treas-  
10 ury or a designee of the Secretary.

11 (IV) The Secretary of Commerce  
12 or a designee of the Secretary.

13 (ii) REQUIREMENTS FOR DES-  
14 IGNEES.—A designee under clause (i) shall  
15 be selected from among officers—

16 (I) appointed by the President,  
17 by and with the advice and consent of  
18 the Senate;

19 (II) whose duties relate to the  
20 programs of the Corporation; and

21 (III) who is designated by and  
22 serving at the pleasure of the Presi-  
23 dent.

1 (C) REQUIREMENTS FOR PRIVATE SECTOR  
2 MEMBERS.—A member of the Board described  
3 in subparagraph (A)(iii)—

4 (i) may not be an officer or employee  
5 of the United States Government;

6 (ii) shall have relevant private sector  
7 experience to carry out the purposes of the  
8 Corporation;

9 (iii) shall be appointed for a term of  
10 3 years and may be reappointed for one  
11 additional term;

12 (iv) shall serve until the member's  
13 successor is appointed and confirmed;

14 (v) shall be compensated at a rate  
15 equivalent to that of level IV of the Execu-  
16 tive Schedule under section 5315 of title 5,  
17 United States Code, when engaged in the  
18 business of the Corporation; and

19 (vi) may be paid per diem in lieu of  
20 subsistence at the applicable rate under  
21 the Federal Travel Regulation under sub-  
22 title F of title 41, Code of Federal Regula-  
23 tions, from time to time, while away from  
24 the home or usual place of business of the  
25 member.



1           (3) CHAIRPERSON.—There shall be a Chair-  
2           person of the Board designated by the President  
3           from among the individuals described in paragraph  
4           (2)(A).

5           (4) VICE CHAIRPERSON.—The Administrator of  
6           the United States Agency for International Develop-  
7           ment, or the designee of the Administrator under  
8           paragraph (2)(B)(i)(II), shall serve as the Vice  
9           Chairperson of the Board.

10          (5) QUORUM.—Six members of the Board shall  
11          constitute a quorum for the transaction of business  
12          by the Board.

13          (c) PUBLIC HEARINGS.—

14           (1) PUBLIC HEARINGS BY THE BOARD.—The  
15           Board shall hold at least one public hearing each  
16           year in order to afford an opportunity for any per-  
17           son to present views with respect to whether—

18                   (A) the Corporation is carrying out its ac-  
19                   tivities in accordance with this Act; and

20                   (B) any support provided by the Corpora-  
21                   tion under title II in any country should have  
22                   been or should be extended.

23           (2) ADDITIONAL PUBLIC HEARINGS.—In con-  
24           junction with each meeting of the Board, the Cor-  
25           poration shall hold a public hearing in order to af-

1       ford an opportunity for any person to present views  
2       regarding the activities of the Corporation. Such  
3       views shall be made part of the record.

4       (d) CHIEF EXECUTIVE OFFICER.—

5           (1) APPOINTMENT.—There shall be in the Cor-  
6       poration a Chief Executive Officer, who shall be ap-  
7       pointed by the President, by and with the advice and  
8       consent of the Senate, and who shall serve at the  
9       pleasure of the President.

10          (2) AUTHORITIES AND DUTIES.—The Chief Ex-  
11       ecutive Officer shall be responsible for the manage-  
12       ment of the Corporation and shall exercise the pow-  
13       ers and discharge the duties of the Corporation sub-  
14       ject to the bylaws, rules, regulations, and procedures  
15       established by the Board.

16          (3) RELATIONSHIP TO BOARD.—The Chief Ex-  
17       ecutive Officer shall report to and be under the di-  
18       rect authority of the Board.

19          (4) COMPENSATION.—Section 5313 of title 5,  
20       United States Code, is amended by adding at the  
21       end the following:

22           “Chief Executive Officer, United States Inter-  
23       national Development Finance Corporation.”.

24       (e) DEPUTY CHIEF EXECUTIVE OFFICER.—There  
25       shall be in the Corporation a Deputy Chief Executive Offi-

1 cer, who shall be appointed by the President, by and with  
2 the advice and consent of the Senate, and who shall serve  
3 at the pleasure of the President.

4 (f) CHIEF RISK OFFICER.—

5 (1) APPOINTMENT.—Subject to the approval of  
6 the Board, the Chief Executive Officer of the Cor-  
7 poration shall appoint a Chief Risk Officer, from  
8 among individuals with experience at a senior level  
9 in financial risk management, who—

10 (A) shall have as the officer's sole function  
11 to serve as Chief Risk Officer of the Corpora-  
12 tion;

13 (B) shall report directly to the Board; and

14 (C) shall be removable only by a majority  
15 vote of the Board.

16 (2) DUTIES.—The Chief Risk Officer shall, in  
17 coordination with the audit committee of the Board  
18 established under 401, develop, implement, and  
19 manage a comprehensive process for identifying, as-  
20 sessing, monitoring, and limiting risks to the Cor-  
21 poration, including the overall portfolio of the Cor-  
22 poration.

23 (g) COORDINATION.—The Chief Executive Officer  
24 shall consult with the Administrator of the United States  
25 Agency for International Development and Chief Execu-

1 tive Officer of the Millennium Challenge Corporation to  
2 coordinate the activities of the Corporation with the activi-  
3 ties of the United States Agency for International Devel-  
4 opment and the Millennium Challenge Corporation, such  
5 as by establishing in the Corporation a Chief Development  
6 Officer who shall have responsibility for coordinating de-  
7 velopment finance policy and implementation efforts of the  
8 Corporation with the United States Agency for Inter-  
9 national Development and the Millennium Challenge Cor-  
10 poration and their respective development missions.

11 (h) OFFICERS AND EMPLOYEES.—

12 (1) IN GENERAL.—Except as otherwise pro-  
13 vided in this section, officers, employees, and agents  
14 shall be selected and appointed by the Corporation,  
15 and shall be vested with such powers and duties as  
16 the Corporation may determine.

17 (2) ADMINISTRATIVELY DETERMINED EMPLOY-  
18 EES.—

19 (A) APPOINTMENT; COMPENSATION; RE-  
20 MOVAL.—Of officers and employees employed  
21 by the Corporation under paragraph (1), not to  
22 exceed 50 may be appointed, compensated, or  
23 removed without regard to title 5, United  
24 States Code.

1 (B) REINSTATEMENT.—Under such regu-  
2 lations as the President may prescribe, officers  
3 and employees appointed to a position under  
4 subparagraph (A) may be entitled, upon re-  
5 moval from such position (unless the removal  
6 was for cause), to reinstatement to the position  
7 occupied at the time of appointment or to a po-  
8 sition of comparable grade and salary.

9 (C) ADDITIONAL POSITIONS.—Positions  
10 authorized by subparagraph (A) shall be in ad-  
11 dition to those otherwise authorized by law, in-  
12 cluding positions authorized under section 5108  
13 of title 5, United States Code.

14 (D) RATES OF PAY FOR OFFICERS AND  
15 EMPLOYEES.—The Corporation may set and  
16 adjust rates of basic pay for officers and em-  
17 ployees appointed under subparagraph (A)  
18 without regard to the provisions of chapter 51  
19 or subchapter III of chapter 53 of title 5,  
20 United States Code, relating to classification of  
21 positions and General Schedule pay rates, re-  
22 spectively.

23 (3) LIABILITY OF EMPLOYEES.—

24 (A) IN GENERAL.—An individual who is a  
25 member of the Board or an officer or employee

1 of the Corporation has no liability under this  
2 Act with respect to any claim arising out of or  
3 resulting from any act or omission by the indi-  
4 vidual within the scope of the employment of  
5 the individual in connection with any trans-  
6 action by the Corporation.

7 (B) RULE OF CONSTRUCTION.—Subpara-  
8 graph (A) shall not be construed to limit per-  
9 sonal liability of an individual for criminal acts  
10 or omissions, willful or malicious misconduct,  
11 acts or omissions for private gain, or any other  
12 acts or omissions outside the scope of the indi-  
13 vidual’s employment.

14 (C) SAVINGS PROVISION.—This paragraph  
15 shall not be construed—

16 (i) to affect—

17 (I) any other immunities and  
18 protections that may be available to  
19 an individual described in subpara-  
20 graph (A) under applicable law with  
21 respect to a transaction described in  
22 that subparagraph; or

23 (II) any other right or remedy  
24 against the Corporation, against the  
25 United States under applicable law, or

1                   against any person other than an indi-  
 2                   vidual described in subparagraph (A)  
 3                   participating in such a transaction; or  
 4                   (ii) to limit or alter in any way the  
 5                   immunities that are available under appli-  
 6                   cable law for Federal officers and employ-  
 7                   ees not described in this paragraph.

8 **SEC. 104. INSPECTOR GENERAL OF THE CORPORATION.**

9           The President shall appoint and maintain an Inspec-  
 10 tor General in the Corporation, in accordance with the In-  
 11 spector General Act of 1978 (5 U.S.C. App.).

12 **TITLE II—AUTHORITIES**

13 **SEC. 201. AUTHORITIES RELATING TO PROVISION OF SUP-**  
 14 **PORT.**

15 (a) LENDING AND GUARANTIES.—

16           (1) IN GENERAL.—The Corporation may make  
 17 loans or guarantee loans upon such terms and condi-  
 18 tions as the Corporation may determine.

19           (2) DENOMINATION.—Loans and guaranties  
 20 issued under paragraph (1) may be denominated and  
 21 repayable in United States dollars or foreign cur-  
 22 rencies.

23           (3) APPLICABILITY OF FEDERAL CREDIT RE-  
 24 FORM ACT OF 1990.—Loans and guaranties issued  
 25 under paragraph (1) shall be subject to the require-

1       ments of the Federal Credit Reform Act of 1990 (2  
2       U.S.C. 661 et seq.).

3       (b) EQUITY INVESTMENTS.—

4             (1) IN GENERAL.—The Corporation may, as a  
5       minority investor, support projects with funds or use  
6       other mechanisms for the purpose of purchasing,  
7       and may make and fund commitments to purchase,  
8       invest in, make pledges in respect of, or otherwise  
9       acquire, equity or quasi-equity securities or shares or  
10      financial interests of any entity, including as a lim-  
11      ited partner or other investor in investment funds,  
12      upon such terms and conditions as the Corporation  
13      may determine.

14            (2) DENOMINATION.—Support provided under  
15      paragraph (1) may be denominated and repayable in  
16      United States dollars or foreign currency.

17            (3) GUIDELINES AND CRITERIA.—The Corpora-  
18      tion shall develop guidelines and criteria to require  
19      that the use of the authority provided by paragraph  
20      (1) with respect to a project has a clearly defined  
21      development rationale, taking into account the fol-  
22      lowing factors:

23                    (Δ) The support for the project would be  
24                    more likely than not to substantially reduce or  
25                    overcome the effect of an identified market fail-



1           ure in the country in which the project is car-  
2           ried out.

3           (B) The project would not have proceeded  
4           or would have been substantially delayed with-  
5           out the support.

6           (C) The support will meaningfully con-  
7           tribute to transforming local conditions to pro-  
8           mote the development of markets.

9           (D) The support can be shown to be  
10          aligned with commercial partner incentives.

11          (E) The support can be shown to have sig-  
12          nificant developmental impact and will con-  
13          tribute to long-term commercial sustainability.

14          (4) LIMITATIONS ON EQUITY INVESTMENTS.—

15           (A) PER PROJECT LIMIT.—The aggregate  
16           amount of support provided under this sub-  
17           section with respect to any project shall not ex-  
18           ceed 20 percent of the aggregate amount of all  
19           equity investment made from any source to the  
20           project at the time that the Corporation ap-  
21           proves support of the project.

22           (B) TOTAL LIMIT.—Support provided pur-  
23           suant to this subsection shall be limited to not  
24           more than 35 percent of the Corporation's ag-

1 aggregate exposure on the date that such support  
2 is provided.

3 (5) SALES AND LIQUIDATION OF POSITION.—  
4 The Corporation shall seek to sell and liquidate any  
5 support for a project provided under this subsection  
6 as soon as commercially feasible, commensurate with  
7 other similar investors in the project.

8 (c) INSURANCE AND REINSURANCE.—The Corpora-  
9 tion may issue insurance or reinsurance, upon such terms  
10 and conditions as the Corporation may determine, to pri-  
11 vate sector entities and qualifying sovereign entities assur-  
12 ing protection of their investments in whole or in part  
13 against any or all political risks such as currency incon-  
14 vertibility and transfer restrictions, expropriation, war,  
15 terrorism, and civil disturbance, breach of contract, or  
16 non-honoring of financial obligations.

17 (d) PROMOTION OF AND SUPPORT FOR PRIVATE IN-  
18 VESTMENT OPPORTUNITIES.—

19 (1) IN GENERAL.—The Corporation may ini-  
20 tiate and support, through financial participation,  
21 incentive grant, or otherwise, and on such terms and  
22 conditions as the Corporation may determine, feasi-  
23 bility studies for the planning, development, and  
24 management of, and procurement for, bilateral and  
25 multilateral development projects, including training

1 activities undertaken in connection with such  
2 projects, for the purpose of promoting investment in  
3 such projects and the identification, assessment, sur-  
4 veying, and promotion of private investment oppor-  
5 tunities, utilizing wherever feasible and effective, the  
6 facilities of private investors.

7 (2) CONTRIBUTIONS TO COSTS.—The Corpora-  
8 tion shall, to the maximum extent practicable, re-  
9 quire any person receiving funds under the authori-  
10 ties of this subsection to—

11 (A) share the costs of feasibility studies  
12 and other project planning services funded  
13 under this subsection; and

14 (B) reimburse the Corporation those funds  
15 provided under this section, if the person suc-  
16 ceeds in project implementation.

17 (e) SPECIAL PROJECTS AND PROGRAMS.—The Cor-  
18 poration may administer and manage special projects and  
19 programs, including programs of financial and advisory  
20 support that provide private technical, professional, or  
21 managerial assistance in the development of human re-  
22 sources, skills, technology, capital savings, and inter-  
23 mediate financial and investment institutions and coopera-  
24 tives and including the initiation of incentives, grants, and

1 studies for renewable energy, microenterprise households,  
2 and other small business activities.

3 (f) ENTERPRISE FUNDS.—

4 (1) IN GENERAL.—The Corporation may estab-  
5 lish and operate enterprise funds in accordance with  
6 this subsection.

7 (2) PROCEDURES AND REQUIREMENTS.—The  
8 provisions of section 201 of the Support for East  
9 European Democracy (SEED) Act of 1989 (22  
10 U.S.C. 5421) (other than the provisions of sub-  
11 sections (a), (b), (c), (d)(1), (d)(3), (e), (f), and (j)  
12 of that section), shall be deemed to apply with re-  
13 spect to any enterprise fund established by the Cor-  
14 poration under this subsection and to funds made  
15 available to any such enterprise fund in the same  
16 manner and to the same extent as such provisions  
17 apply with respect to enterprise funds established  
18 pursuant to such section 201 or to funds made avail-  
19 able to enterprise funds established under that sec-  
20 tion.

21 (3) PURPOSES FOR WHICH SUPPORT MAY BE  
22 PROVIDED.—The Corporation, subject to the ap-  
23 proval of the Board, may designate private, non-  
24 profit organizations as eligible to receive support  
25 under this subsection for the following purposes:

1 (A) To promote development of economic  
2 freedom and private sectors, including small-  
3 and medium-sized businesses and joint ventures  
4 with the United States and host country par-  
5 ticipants.

6 (B) To facilitate access to the credit to  
7 small- and medium-sized businesses with sound  
8 business plans in countries where there is lim-  
9 ited means of accessing credit on market terms.

10 (C) To promote policies and practices con-  
11 ductive to economic freedom and private sector  
12 development.

13 (D) To attract foreign direct investment  
14 capital to further promote private sector devel-  
15 opment and economic freedom.

16 (E) To complement the work of the United  
17 States Agency for International Development  
18 and other donors to improve the overall busi-  
19 ness-enabling environment, financing the cre-  
20 ation and expansion of the private business sec-  
21 tor.

22 (F) To make financially sustainable invest-  
23 ments designed to generate measurable social  
24 benefits and build technical capacity in addition  
25 to financial returns.

1 (4) OPERATION OF FUNDS.—

2 (A) EXPENDITURES.—Funds made avail-  
3 able to an enterprise fund shall be expended at  
4 the minimum rate necessary to make timely  
5 payments for projects and activities carried out  
6 under this subsection.

7 (B) ADMINISTRATIVE EXPENSES.—Not  
8 more than 3 percent of the funds made avail-  
9 able to an enterprise fund may be obligated or  
10 expended for the administrative expenses of the  
11 enterprise fund.

12 (5) BOARD OF DIRECTORS.—Each enterprise  
13 fund established under this subsection shall be gov-  
14 erned by a Board of Directors comprised of private  
15 citizens of the United States or the host country,  
16 who—

17 (A) shall be appointed by the President  
18 after consultation with the chairmen and rank-  
19 ing members of the appropriate congressional  
20 committees; and

21 (B) have pursued careers in international  
22 business and have demonstrated expertise in  
23 international and emerging market investment  
24 activities.

1           (6) MAJORITY MEMBER REQUIREMENT.—The  
2 majority of the members of the Board of Directors  
3 shall be United States citizens.

4           (7) REPORTS.—Not later than one year after  
5 the date of the establishment of an enterprise fund  
6 under this subsection, and annually thereafter until  
7 the enterprise fund terminates in accordance with  
8 paragraph (10), the Board of Directors of the enter-  
9 prise fund shall—

10           (A) submit to the appropriate congress-  
11 sional committees a report—

12           (i) detailing the administrative ex-  
13 penses of the enterprise fund during the  
14 year preceding the submission of the re-  
15 port;

16           (ii) describing the operations, activi-  
17 ties, financial condition, and accomplish-  
18 ments of the enterprise fund during that  
19 year; and

20           (iii) describing the results of the audit  
21 conducted under paragraph (8) during that  
22 year; and

23           (B) publish, on a publicly available inter-  
24 net website of the enterprise fund, each report  
25 required by subparagraph (A).

1 (8) OVERSIGHT.—

2 (A) INSPECTOR GENERAL PERFORMANCE  
3 AUDITS.—

4 (i) IN GENERAL.—The Inspector Gen-  
5 eral of the Corporation shall conduct peri-  
6 odic audits of the activities of each enter-  
7 prise fund established under this sub-  
8 section.

9 (ii) CONSIDERATION.—In conducting  
10 an audit under clause (i), the Inspector  
11 General shall assess whether the activities  
12 of the enterprise fund—

13 (I) support the purposes de-  
14 scribed in paragraph (3);

15 (II) result in profitable private  
16 sector investing; and

17 (III) generate measurable social  
18 benefits.

19 (B) RECORDKEEPING REQUIREMENTS.—  
20 The Corporation shall ensure that each enter-  
21 prise fund receiving support under this sub-  
22 section—

23 (i) keeps separate accounts with re-  
24 spect to such support; and



1 (ii) maintains such records as may be  
2 reasonably necessary to facilitate effective  
3 audits under this paragraph.

4 (9) RETURN OF FUNDS TO TREASURY.—Any  
5 funds resulting from any liquidation, dissolution, or  
6 winding up of an enterprise fund, in whole or in  
7 part, shall be returned to the Treasury of the United  
8 States.

9 (10) TERMINATION.—The authority of an en-  
10 terprise fund to provide support under this sub-  
11 section shall terminate on the earlier of—

12 (A) the date that is 7 years after the date  
13 of the first expenditure of amounts from the en-  
14 terprise fund; or

15 (B) the date on which the enterprise fund  
16 is liquidated.

17 (g) OTHER AUTHORITIES.—The Corporation shall  
18 have, in addition to other authorities provided under this  
19 section, such authorities as are provided for under the  
20 State Department Basic Authorities Act of 1956 (22  
21 U.S.C. 2651a et seq.) and the Foreign Assistance Act of  
22 1961 (22 U.S.C. 2151 et seq.) and delegated by the Presi-  
23 dent to the Overseas Private Investment Corporation or  
24 an element of the United States Agency for International

1 Development specified in section 603(a)(2) as of the day  
2 before the date of the enactment of this Act.

3 **SEC. 202. TERMS AND CONDITIONS.**

4 (a) IN GENERAL.—Except as provided in subsection  
5 (b), support provided by the Corporation under this title  
6 shall be on such terms and conditions as the Corporation  
7 may prescribe.

8 (b) REQUIREMENTS.—The following requirements  
9 apply to support provided by the Corporation under this  
10 title:

11 (1) The Corporation shall make a loan or guar-  
12 anty only if it is necessary—

13 (A) to alleviate a credit market imperfec-  
14 tion; or

15 (B) to achieve specified objectives of the  
16 United States Government by providing support  
17 in the most efficient way to meet those objec-  
18 tives on a borrower-by-borrower basis.

19 (2) The final maturity of a loan made or guar-  
20 anteed by the Corporation shall not exceed the lesser  
21 of—

22 (A) 25 years; or

23 (B) the useful life of any physical asset to  
24 be financed by the loan (as determined by the  
25 Corporation).

1           (3) The Corporation shall, with respect to pro-  
2           viding any loan guaranty to a project, require the  
3           parties to the loan guaranteed by the Corporation to  
4           bear the risk of loss for at least 20 percent of the  
5           guaranteed support by the Corporation in the  
6           project.

7           (4) The Corporation may not guarantee a loan  
8           unless the Corporation determines that the lender is  
9           responsible and that adequate provision is made for  
10          servicing the loan on reasonable terms and pro-  
11          tecting the financial interest of the United States.

12          (5) The interest rate for direct loans and inter-  
13          est supplements on guaranteed loans shall be set by  
14          reference to a benchmark interest rate (yield) on  
15          marketable Treasury securities or other widely rec-  
16          ognized benchmarks with a similar maturity to the  
17          loans being made or guaranteed. The Corporation  
18          shall establish appropriate minimum interest rates  
19          for loans, guarantees, insurance, and other instru-  
20          ments as necessary.

21          (6) The minimum interest rate for new loans as  
22          established by the Corporation shall be adjusted pe-  
23          riodically to take account of changes in the interest  
24          rate of the benchmark financial instrument.

1           (7)(A) The Corporation shall set fees or pre-  
2           miums for loan guarantee or insurance coverage at  
3           levels that minimize the cost to the Government (as  
4           defined in section 502 of the Federal Credit Reform  
5           Act of 1990 (2 U.S.C. 661a)) of such coverage,  
6           while supporting achievement of the objectives of the  
7           loan.

8           (B) The Corporation shall set the minimum  
9           guarantee fee or insurance premium at a level suffi-  
10          cient to cover the Corporation's costs for paying all  
11          of the estimated costs to the Government of the ex-  
12          pected default claims and other obligations.

13          (C) The Corporation shall review fees for loan  
14          guaranties periodically to ensure that the fees as-  
15          sessed on new loan guarantees are at a level suffi-  
16          cient to cover the Corporation's most recent esti-  
17          mates of its costs.

18          (8) Any loan guaranty provided by the Corpora-  
19          tion shall be conclusive evidence that—

20                  (A) the guaranty has been properly ob-  
21                  tained;

22                  (B) the loan qualified for the guaranty;  
23                  and

24                  (C) but for fraud or material misrepresen-  
25                  tation by the holder of the guaranty, the guar-

1           anty is presumed to be valid, legal, and enforce-  
2           able.

3           (9) The Corporation may not make a loan or  
4           loan guaranty unless the Corporation determines  
5           that there is a reasonable assurance of repayment on  
6           the loan.

7           (10) The Corporation shall prescribe explicit  
8           standards for use in periodically assessing the credit  
9           risk of new and existing direct loans or guaranteed  
10          loans.

11          (11) The Corporation may not make loans or  
12          loan guaranties except to the extent that budget au-  
13          thority to cover the costs of the loans or guaranties  
14          is provided in advance in an appropriations Act, as  
15          required by section 504 of the Federal Credit Re-  
16          form Act of 1990 (2 U.S.C. 661e).

17 **SEC. 203. PAYMENT OF LOSSES.**

18          (a) PAYMENTS FOR DEFAULTS ON GUARANTEED  
19          LOANS.—

20               (1) IN GENERAL.—If the Corporation deter-  
21               mines that the holder of a loan guaranteed by the  
22               Corporation suffers a loss as a result of a default by  
23               a borrower on the loan, the Corporation shall pay to  
24               the holder the percent of the loss, as specified in the  
25               guaranty contract after the holder of the loan has

1 made such further collection efforts and instituted  
2 such enforcement proceedings as the Corporation  
3 may require.

4 (2) SUBROGATION.—Upon making a payment  
5 described in paragraph (1), the Corporation shall en-  
6 sure the Corporation will be subrogated to all the  
7 rights of the recipient of the payment.

8 (3) RECOVERY EFFORTS.—The Corporation  
9 shall pursue recovery from the borrower of the  
10 amount of any payment made under paragraph (1)  
11 with respect to the loan.

12 (b) LIMITATION ON PAYMENTS.—

13 (1) IN GENERAL.—Except as provided by para-  
14 graph (2), compensation for insurance, reinsurance,  
15 or a guaranty issued under this title shall not exceed  
16 the dollar value of the insurance, reinsurance, or  
17 guaranty, as of the date of its issuance, made in the  
18 project with the approval of the Corporation, plus  
19 interest, earnings, or profits actually accrued on the  
20 insurance, reinsurance, or guaranty, to the extent  
21 provided by such insurance, reinsurance, or guar-  
22 anty.

23 (2) EXCEPTION.—

24 (A) IN GENERAL.—The Corporation may  
25 provide that—

1 (i) appropriate adjustments in the in-  
2 sured dollar value be made to reflect the  
3 replacement cost of project assets; and

4 (ii) compensation for a claim of loss  
5 under insurance of an equity investment  
6 under section 201(b) may be computed on  
7 the basis of the net book value attributable  
8 to the equity investment on the date of  
9 loss.

10 (3) ADDITIONAL LIMITATION.—

11 (A) IN GENERAL.—Notwithstanding para-  
12 graph (2)(A)(ii) and except as provided in sub-  
13 paragraph (B), the Corporation shall limit the  
14 amount of direct insurance and reinsurance  
15 issued under section 201 with respect to a  
16 project so as to require that the insured and its  
17 affiliates bear the risk of loss for at least 10  
18 percent of the amount of the Corporation's ex-  
19 posure to that insured and its affiliates in the  
20 project.

21 (B) EXCEPTION.—The limitation under  
22 subparagraph (A) shall not apply to direct in-  
23 surance or reinsurance of loans provided by  
24 banks or other financial institutions to unre-  
25 lated parties.

1 (c) ACTIONS BY ATTORNEY GENERAL.—The Attor-  
2 ney General shall take such action as may be appropriate  
3 to enforce any right accruing to the United States as a  
4 result of the issuance of any loan or guarantee under this  
5 title.

6 (d) RULE OF CONSTRUCTION.—Nothing in this sec-  
7 tion shall be construed to preclude any forbearance for the  
8 benefit of a borrower that may be agreed upon by the par-  
9 ties to a loan guaranteed by the Corporation if budget au-  
10 thority for any resulting costs to the United States Gov-  
11 ernment (as defined in section 502 of the Federal Credit  
12 Reform Act of 1990 (2 U.S.C. 661a)) is available.

13 **SEC. 204. TERMINATION.**

14 The authorities provided under this title terminate on  
15 the date that is 7 years after the date of the enactment  
16 of this Act.

17 **TITLE III—ADMINISTRATIVE**  
18 **AND GENERAL PROVISIONS**

19 **SEC. 301. OPERATIONS.**

20 (a) BILATERAL AGREEMENTS.—The Corporation  
21 may provide support under title II in connection with  
22 projects in any country the government of which has en-  
23 tered into an agreement with the United States author-  
24 izing the Corporation to provide such support in that  
25 country.



1 (b) CLAIMS SETTLEMENT.—

2 (1) IN GENERAL.—Claims arising as a result of  
3 support provided under title II or under predecessor  
4 authority may be settled, and disputes arising as a  
5 result thereof may be arbitrated with the consent of  
6 the parties, on such terms and conditions as the  
7 Corporation may determine.

8 (2) SETTLEMENTS CONCLUSIVE.—Payment  
9 made pursuant to any settlement pursuant to para-  
10 graph (1), or as a result of an arbitration award,  
11 shall be final and conclusive notwithstanding any  
12 other provision of law.

13 (c) PRESUMPTION OF COMPLIANCE.—Each contract  
14 executed by such officer or officers as may be designated  
15 by the Board shall be conclusively presumed to be issued  
16 in compliance with the requirements of this Act.

17 (d) ELECTRONIC PAYMENTS AND DOCUMENTS.—The  
18 Corporation shall implement policies to accept electronic  
19 documents and electronic payments in all of its programs.

20 **SEC. 302. CORPORATE POWERS.**

21 (a) IN GENERAL.—The Corporation—

22 (1) may adopt, alter, and use a seal, to include  
23 an identifiable symbol of the United States;

24 (2) may make and perform such contracts, in-  
25 cluding no-cost contracts (as defined by the Corpora-

1 tion), grants, and other agreements notwithstanding  
2 division C of subtitle I of title 41, United States  
3 Code, with any person or government however des-  
4 ignated and wherever situated, as may be necessary  
5 for carrying out the functions of the Corporation;

6 (3) may determine and prescribe the manner in  
7 which its obligations shall be incurred and its ex-  
8 penses allowed and paid, including expenses for rep-  
9 resentation;

10 (4) may lease, purchase, or otherwise acquire,  
11 improve, and use such real property wherever situ-  
12 ated, as may be necessary for carrying out the func-  
13 tions of the Corporation;

14 (5) may accept cash gifts or donations of serv-  
15 ices or of property (real, personal, or mixed), tan-  
16 gible or intangible, for the purpose of carrying out  
17 the functions of the Corporation;

18 (6) may use the United States mails in the  
19 same manner and on the same conditions as the Ex-  
20 ecutive departments (as defined in section 101 of  
21 title 5, United States Code);

22 (7) may contract with individuals for personal  
23 services, who shall not be considered Federal em-  
24 ployees for any provision of law administered by the  
25 Director of the Office of Personnel Management;

1           (8) may hire or obtain passenger motor vehi-  
2           cles;

3           (9) may sue and be sued in its corporate name;

4           (10) may acquire, hold, or dispose of, upon  
5           such terms and conditions as the Corporation may  
6           determine, any property, real, personal, or mixed,  
7           tangible or intangible, or any interest in such prop-  
8           erty, and with respect to lease of office space for the  
9           Corporation's own use, the obligation of amounts for  
10          such lease is limited to the current fiscal year for  
11          which payments are due without regard to section  
12          1341(a)(1)(B) of title 31, United States Code;

13          (11) may indemnify directors, officers, employ-  
14          ees, and agents of the Corporation for liabilities and  
15          expenses incurred in connection with their activities  
16          on behalf of the Corporation;

17          (12) notwithstanding any other provision of  
18          law, may represent itself or contract for representa-  
19          tion in all legal and arbitral proceedings;

20          (13) may purchase, discount, rediscount, sell,  
21          and negotiate, with or without its endorsement or  
22          guaranty, and guarantee notes, participation certifi-  
23          cates, and other evidence of indebtedness;

1           (14) may exercise any priority of the Govern-  
2           ment of the United States in collecting debts from  
3           bankrupt, insolvent, or decedents' estates;

4           (15) may collect, notwithstanding section  
5           3711(g)(1) of title 31, United States Code, or com-  
6           promise any obligations assigned to or held by the  
7           Corporation, including any legal or equitable rights  
8           accruing to the Corporation;

9           (16) may manage assets described in section  
10          3(9) of Public Law 110-343 (12 U.S.C. 5202(9)) in  
11          a manner designed to minimize cost to the Corpora-  
12          tion, including establishing vehicles that are author-  
13          ized to purchase, hold, and sell assets and issue obli-  
14          gations;

15          (17) may make arrangements with foreign gov-  
16          ernments (including agencies, instrumentalities, or  
17          political subdivisions of such governments) or with  
18          multilateral organizations or institutions for sharing  
19          liabilities;

20          (18) may revolve funds of the Corporation  
21          through selling direct investments of the Corporation  
22          to private investors upon such terms and conditions  
23          as the Corporation may determine; and

1           (19) shall have such other powers as may be  
2           necessary and incident to carrying out the functions  
3           of the Corporation.

4           (b) TREATMENT OF PROPERTY.—Notwithstanding  
5           any other provision of law relating to the acquisition, han-  
6           dling, or disposal of property by the United States, the  
7           Corporation shall have the right in its discretion to com-  
8           plete, recondition, reconstruct, renovate, repair, maintain,  
9           operate, or sell any property acquired by the Corporation  
10          pursuant to the provisions of this Act.

11   **SEC. 303. MAXIMUM CONTINGENT LIABILITY.**

12          (a) IN GENERAL.—The maximum contingent liability  
13          of the Corporation outstanding at any one time shall not  
14          exceed in the aggregate the amount specified in subsection  
15          (b).

16          (b) AMOUNT SPECIFIED.—

17                (1) INITIAL 5-YEAR PERIOD.—The amount  
18                specified in this subsection for the 5-year period be-  
19                ginning on the date of the enactment of this Act, is  
20                \$60,000,000,000.

21                (2) SUBSEQUENT 5-YEAR PERIODS.—Not later  
22                than 5 years after the date of the enactment of this  
23                Act, and every 5 years thereafter, the amount speci-  
24                fied in paragraph (1) shall be adjusted to reflect the  
25                percentage of the increase (if any) in the average of

1 the Consumer Price Index during the preceding 5-  
2 year period.

3 (3) CONSUMER PRICE INDEX DEFINED.—In  
4 this subsection, the term “Consumer Price Index”  
5 means the most recent Consumer Price Index for All  
6 Urban Consumers published by the Bureau of Labor  
7 Statistics of the Department of Labor.

8 **SEC. 304. CORPORATE FUNDS.**

9 (a) CORPORATE CAPITAL ACCOUNT.—

10 (1) ESTABLISHMENT.—There is established in  
11 the Treasury of the United States a revolving fund  
12 to be known as the “Corporate Capital Account”,  
13 consisting of such funds as—

14 (A) are available to discharge liabilities  
15 under predecessor authorities; and

16 (B) are made available to the Corporation  
17 pursuant to subsections (d), (e), and (f), or oth-  
18 erwise available pursuant to this section.

19 (2) USE OF FUNDS.—Amounts in the Corporate  
20 Capital Account shall be available for discharge of li-  
21 abilities of the Corporation, until such time as all  
22 such liabilities have been discharged or have expired  
23 or until all of the amounts in the Account have been  
24 expended in accordance with the provisions of this  
25 section.

1 (b) TRANSFER OF PREVIOUS FEES AND REVENUE.—

2 There is hereby authorized to be transferred to the Cor-  
3 poration at its call, for the purposes specified in subsection  
4 (g), all fees and other revenues collected by the Overseas  
5 Private Investment Corporation pursuant to the reorga-  
6 nization plan submitted by the President under section  
7 602.

8 (c) FULL FAITH AND CREDIT.—All support provided

9 pursuant to predecessor authorities or title II shall con-  
10 tinue to constitute obligations of the United States, and  
11 the full faith and credit of the United States is hereby  
12 pledged for the full payment and performance of such obli-  
13 gations.

14 (d) AUTHORIZATION OF APPROPRIATIONS.—There

15 are authorized to be appropriated to the Corporation, to  
16 remain available until expended, such amounts as may be  
17 necessary from time to time to replenish or increase the  
18 Corporate Capital Account.

19 (e) ISSUANCE OF OBLIGATIONS.—

20 (1) IN GENERAL.—In order to discharge liabil-

21 ities of the Corporation, the Corporation may issue  
22 from time to time for purchase by the Secretary of  
23 the Treasury notes, debentures, bonds, or other obli-  
24 gations of the Corporation.

1           (2) LIMITATION.—The aggregate amount of ob-  
2           ligations outstanding under paragraph (1) at any  
3           one time shall not exceed \$1,000,000,000.

4           (3) REPAYMENT.—Any obligation issued under  
5           paragraph (1) shall be repaid to the Treasury of the  
6           United States within one year after the date of issue  
7           of the obligation.

8           (4) INTEREST RATE.—Any obligation issued  
9           under paragraph (1) shall bear interest at a rate de-  
10          termined by the Secretary, taking into consideration  
11          the current average market yield on outstanding  
12          marketable obligations of the United States of com-  
13          parable maturities during the month preceding the  
14          issuance of any obligation authorized by this sub-  
15          section.

16          (5) PURCHASE.—The Secretary shall purchase  
17          any obligation of the Corporation issued under para-  
18          graph (1), and for such purchase the Secretary may  
19          use as a public debt transaction the proceeds of the  
20          sale of any securities issued under chapter 31 of title  
21          31, United States Code. The purpose for which secu-  
22          rities may be issued under such chapter shall include  
23          any such purchase.

24          (6) FUNDING.—There are hereby authorized to  
25          be appropriated to the Secretary for fiscal year 2018



1 and each fiscal year thereafter such sums as may be  
2 necessary to carry out this subsection.

3 (f) FEES.—

4 (1) IN GENERAL.—Fees may be charged for  
5 providing services and for transaction costs incurred  
6 by the Corporation in amounts to be determined by  
7 the Corporation.

8 (2) USE OF FEES.—All fees under paragraph  
9 (1) paid for transaction costs and other costs associ-  
10 ated with services provided shall be available for ob-  
11 ligation for the purposes for which such fees were  
12 collected.

13 (g) INCOME AND REVENUE IN GENERAL.—In order  
14 to carry out the purposes of the Corporation, all funds,  
15 fees, revenues, and income transferred to or earned by the  
16 Corporation, from whatever source derived, shall be held  
17 by the Corporation and shall be available to carry out the  
18 purposes of the Corporation, including—

19 (1) payment of all expenses of the Corporation;

20 (2) transfers and additions to the Corporate  
21 Capital Account and such other funds or reserves as  
22 the Corporation may establish, at such time and in  
23 such amounts as the Board may determine;

24 (3) payment of dividends on capital stock,  
25 which shall consist of and be paid from net earnings

1 of the Corporation after payments, transfers, and  
2 additions under paragraphs (1) and (2); and

3 (4) transfer of such sums as may be necessary  
4 from the Corporate Capital Account for costs (as de-  
5 fined in section 502 of the Federal Credit Reform  
6 Act of 1990 (2 U.S.C. 661a)) of providing support  
7 under title II, including the costs of modifying such  
8 support.

9 (h) TRANSACTION COSTS.—Transaction costs in-  
10 curred by the Corporation, including such costs relating  
11 to loan obligations or loan guarantee commitments covered  
12 by the provisions of the Federal Credit Reform Act of  
13 1990 (2 U.S.C. 661 et seq.), shall be held in and paid  
14 out of the Corporate Capital Account.

15 **SEC. 305. COORDINATION WITH MILLENNIUM CHALLENGE**

16 **CORPORATION ON CONSTRAINTS ANALYSIS.**

17 It is the sense of Congress that the Corporation  
18 should use the constraints analysis and other relevant data  
19 of the Millennium Challenge Corporation to better inform  
20 the decisions of the Corporation with respect to providing  
21 support under title II.

1           **TITLE IV—MONITORING,**  
2           **EVALUATION, AND REPORTING**

3           **SEC. 401. ESTABLISHMENT OF RISK AND AUDIT COMMIT-**  
4           **TEES.**

5           (a) **IN GENERAL.**—To manage risks such as key stra-  
6           tegic, reputational, regulatory, operational, and financial  
7           risks the Corporation shall establish a risk committee and  
8           an audit committee.

9           (b) **DUTIES AND RESPONSIBILITIES.**—Subject to the  
10          direction of the Board, the risk committee established  
11          under subsection (a) shall have the responsibility of—

12                 (1) carrying out independent oversight of the  
13          Corporation;

14                 (2) reviewing and providing guidance on the  
15          risk governance structure of the Corporation; and

16                 (3) developing policies for enterprise risk man-  
17          agement, monitoring, and management of strategic,  
18          reputational, regulatory, operational, and financial  
19          risks.

20          **SEC. 402. PERFORMANCE MEASURES.**

21          (a) **IN GENERAL.**—The Corporation shall develop a  
22          performance measurement system to evaluate and monitor  
23          projects supported by the Corporation under title II and  
24          to guide future projects of the Corporation.

1 (b) CONSIDERATIONS.—In developing the perform-  
2 ance measurement system required by subsection (a), the  
3 Corporation shall—

4 (1) develop a successor for the development im-  
5 pact measurement system used by the Overseas Pri-  
6 vate Investment Corporation before the date of the  
7 enactment of this Act;

8 (2) develop a mechanism for ensuring that sup-  
9 port provided by the Corporation under title II is in  
10 addition to private investment; and

11 (3) develop standards for, and a method for en-  
12 suring, appropriate financial performance of the  
13 Corporation's portfolio.

14 (c) PUBLIC AVAILABILITY OF CERTAIN INFORMA-  
15 TION.—The Corporation shall regularly make available to  
16 the public information about support provided by the Cor-  
17 poration under title II and performance metrics about  
18 such support on a country-by-country basis.

19 (d) CONSULTATIONS.—In developing the perform-  
20 ance measurement system required by subsection (a), the  
21 Corporation shall consult with stakeholders engaged in  
22 sustainable economic growth and development outside the  
23 United States, including private sector entities and non-  
24 governmental and civil society organizations.

1 **SEC. 403. ANNUAL REPORT.**

2 (a) IN GENERAL.—After the end of each fiscal year,  
3 the Corporation shall submit to the appropriate congress-  
4 sional committees a complete and detailed report of its op-  
5 erations during that fiscal year, including an assessment  
6 of—

7 (1) the economic and social development impact  
8 and benefits of projects supported by the Corpora-  
9 tion under title II; and

10 (2) the extent to which the operations of the  
11 Corporation complement or are compatible with the  
12 development assistance programs of the United  
13 States and qualifying sovereign entities.

14 (b) ELEMENTS.—Each annual report required by  
15 subsection (a) shall include projections of the effects of  
16 each project supported by the Corporation under title II,  
17 including—

18 (1) reviews and analysis of—

19 (A) the desired development outcomes for  
20 each project and whether or not the project is  
21 meeting the associated metrics, goals, and de-  
22 velopment objectives in the years following the  
23 conclusion of the project; and

24 (B) the effect of the Corporation's support  
25 for the project on access to capital, specifically  
26 whether the project is addressing identifiable

1 market gaps or inefficiencies and what impact,  
2 if any, such support will have on access to cred-  
3 it for private sector entities in the country in  
4 which the project is carried out;

5 (2) an explanation of any partnership arrange-  
6 ment or cooperation with a qualifying sovereign enti-  
7 ty in support of each project;

8 (3) projections of—

9 (A) each project's development outcome,  
10 and whether or not support for the project is  
11 meeting the associated performance measures,  
12 both during the start-up phase and over the du-  
13 ration of the project; and

14 (B) the amount of private sector assets  
15 brought to bear relative to the amount of sup-  
16 port provided by the Corporation and any other  
17 public sector support associated with the  
18 project; and

19 (4) an assessment of the extent to which lessons  
20 learned from the monitoring and evaluation activities  
21 of the Corporation, and from annual reports from  
22 previous years compiled by the Corporation, have  
23 been applied to projects.

24 **SEC. 404. PUBLICLY AVAILABLE PROJECT INFORMATION.**

25 The Corporation shall—

1 (1) maintain a user-friendly, publicly available,  
2 machine-readable database with detailed country-  
3 level information, including a description of the sup-  
4 port provided by the Corporation under title II; and

5 (2) include a clear link to information about  
6 each project supported by the Corporation under  
7 title II on the internet website of the Department of  
8 State, “ForeignAssistance.gov”, or a successor  
9 website or other online publication.

10 **SEC. 405. AUDITS AND FINANCIAL STATEMENTS OF THE**  
11 **CORPORATION.**

12 (a) AUDITS.—Subject to subsection (f), an inde-  
13 pendent certified public accountant shall perform a finan-  
14 cial and compliance audit of the financial statements of  
15 the Corporation annually, in accordance with generally ac-  
16 cepted government auditing standards for a financial and  
17 compliance audit, as issued by the Comptroller General  
18 of the United States.

19 (b) REPORTS ON AUDITS.—The independent certified  
20 public accountant who conducts an audit under subsection  
21 (a) shall report the results of the audit to the Executive  
22 Director of the Corporation and the appropriate congres-  
23 sional committees.

24 (c) PRESENTATION.—The financial statements of the  
25 Corporation and the report required by subsection (b)

1 shall be presented in accordance with generally accepted  
2 accounting principles.

3 (d) REPORTS TO CONGRESS.—Not later than 195  
4 days after the end of the last fiscal year covered by an  
5 audit conducted under subsection (a), the Corporation  
6 shall submit to the appropriate congressional committees  
7 a report that includes—

8 (1) the report required by subsection (b) with  
9 respect to the audit; and

10 (2) the financial statements of the Corporation.

11 (e) REVIEW AND REPORT BY THE GOVERNMENT AC-  
12 COUNTABILITY OFFICE.—The Comptroller General may  
13 review an audit conducted under subsection (a) and the  
14 report to the appropriate congressional committees re-  
15 quired by subsection (d) in the manner and at such times  
16 as the Comptroller General considers necessary.

17 (f) ALTERNATIVE AUDITS BY GOVERNMENT AC-  
18 COUNTABILITY OFFICE.—Instead of an audit conducted  
19 under subsection (a) by a certified public accountant, the  
20 Comptroller General shall, if the Comptroller General con-  
21 siders it necessary or upon the request of Congress, audit  
22 the financial statements of the Corporation in the manner  
23 provided under subsection (a).

24 (g) AVAILABILITY OF INFORMATION.—All books, ac-  
25 counts, financial records, reports, files, workpapers, and



1 property belonging to or in use by the Corporation or the  
2 accountant who conducts an audit under subsection (a)  
3 that are necessary for purposes of conducting the audit,  
4 shall be made available to the Comptroller General and  
5 such employees as the Comptroller General considers ap-  
6 propriate.

7 **SEC. 406. ENGAGEMENT WITH INVESTORS.**

8 (a) IN GENERAL.—The Corporation shall, in coopera-  
9 tion with the Administrator of the United States Agency  
10 for International Development—

11 (1) develop a strategic relationship with private  
12 sector entities focused at the nexus of business op-  
13 portunities and development priorities;

14 (2) engage such entities and reduce business  
15 risks primarily through direct transaction support  
16 and facilitating investment partnerships;

17 (3) develop and support tools, approaches, and  
18 intermediaries that can mobilize private finance at  
19 scale in the developing world;

20 (4) pursue projects of all sizes, especially those  
21 that are small but designed for work in the most un-  
22 derdeveloped areas, including countries with chronic  
23 suffering as a result of extreme poverty, fragile insti-  
24 tutions, or a history of violence; and

1           (5) pursue projects consistent with the stated  
2 goals of the Department of State and the Strategic  
3 Plan and the Mission Country Development Co-  
4 operation Strategies of the United States Agency for  
5 International Development.

6           (b) ASSISTANCE.—To achieve the goals described in  
7 subsection (a), the Corporation shall—

8           (1) develop risk mitigation tools;

9           (2) provide transaction structuring support for  
10 blended finance models;

11           (3) support intermediaries linking capital sup-  
12 ply and demand;

13           (4) coordinate with other Federal agencies to  
14 support or accelerate transactions;

15           (5) convene financial, donor, and public sector  
16 partners around opportunities for private finance  
17 within development priorities;

18           (6) offer strategic planning and programming  
19 assistance to catalyze investment into priority sec-  
20 tors;

21           (7) provide transaction structuring support;

22           (8) deliver training and knowledge management  
23 tools for engaging private investors;

24           (9) partner with private sector entities that pro-  
25 vide access to capital and expertise; and

1 (10) identify and screen new investment part-  
2 ners.

3 **TITLE V—CONDITIONS, RESTRIC-**  
4 **TIONS, AND PROHIBITIONS**

5 **SEC. 501. LIMITATIONS AND PREFERENCES.**

6 (a) LIMITATION ON SUPPORT FOR SINGLE ENTI-  
7 TY.—No entity receiving support from the Corporation  
8 under title II may receive more than an amount equal to  
9 5 percent of the Corporation’s maximum contingent liabil-  
10 ity authorized under section 303.

11 (b) PREFERENCE FOR SUPPORT OF INVESTMENT BY  
12 UNITED STATES INVESTORS.—

13 (1) IN GENERAL.—The Corporation shall give  
14 preferential consideration to projects sponsored by  
15 or involving private sector entities that are United  
16 States persons.

17 (2) UNITED STATES PERSON DEFINED.—In this  
18 subsection, the term “United States person”  
19 means—

20 (A) a United States citizen; or

21 (B) an entity significantly beneficially  
22 owned by individuals described in subparagraph  
23 (A).

1 (c) PREFERENCE FOR PROVISION OF SUPPORT IN  
2 COUNTRIES IN COMPLIANCE WITH INTERNATIONAL  
3 TRADE OBLIGATIONS.—

4 (1) CONSULTATIONS WITH UNITED STATES  
5 TRADE REPRESENTATIVE.—Not less frequently than  
6 annually, the Corporation shall consult with the  
7 United States Trade Representative with respect to  
8 the status of countries eligible to receive support  
9 from the Corporation under title II and the compli-  
10 ance of those countries with their international trade  
11 obligations.

12 (2) PREFERENTIAL CONSIDERATION.—The Cor-  
13 poration shall give preferential consideration to pro-  
14 viding support under title II for projects in countries  
15 in compliance with or making substantial progress  
16 coming into compliance with their international  
17 trade obligations.

18 (d) WORKER RIGHTS.—The Corporation should sup-  
19 port projects under title II in countries that are taking  
20 steps to adopt and implement laws that extend inter-  
21 nationally recognized worker rights (as defined in section  
22 507 of the Trade Act of 1974 (19 U.S.C. 2467)) to work-  
23 ers in that country.

24 (e) ENVIRONMENTAL IMPACT.—The Board shall not  
25 vote in favor of any project proposed to be supported by

1 the Corporation under title II that is likely to have signifi-  
2 cant adverse environmental impacts that are sensitive, di-  
3 verse, or unprecedented, unless—

4 (1) before the date of the vote, an environ-  
5 mental impact assessment or initial environmental  
6 audit, analyzing the environmental impacts of the  
7 proposed project and of alternatives to the proposed  
8 project, is completed; and

9 (2) such assessment or audit has been made  
10 available to the public of the United States, locally  
11 affected groups in the country in which the project  
12 will be carried out, and nongovernmental organiza-  
13 tions in that country.

14 **SEC. 502. ADDITIONALITY AND AVOIDANCE OF MARKET**  
15 **DISTORTION.**

16 (a) **IN GENERAL.**—Before the Corporation provides  
17 support for a project under title II, the Corporation shall  
18 ensure that private sector entities are afforded an oppor-  
19 tunity to support the project instead of the project receiv-  
20 ing support from the Corporation.

21 (b) **SAFEGUARDS, POLICIES, AND GUIDELINES.**—The  
22 Corporation shall develop appropriate safeguards, policies,  
23 and guidelines to ensure that support provided by the Cor-  
24 poration under title II—

1 (1) supplements and encourages, but does not  
2 compete with, private sector support; and

3 (2) operates according to internationally recog-  
4 nized best practices and standards with respect to  
5 ensuring the avoidance of market distorting govern-  
6 ment subsidies and the crowding out of private sec-  
7 tor lending.

8 **SEC. 503. PROHIBITION ON SUPPORT IN SANCTIONED**  
9 **COUNTRIES AND WITH SANCTIONED PER-**  
10 **SONS.**

11 (a) IN GENERAL.—The Corporation is prohibited  
12 from providing support under title II in a country the gov-  
13 ernment of which the Secretary of State has determined  
14 has repeatedly provided support for acts of international  
15 terrorism for purposes of—

16 (1) section 6(j)(1)(A) of the Export Administra-  
17 tion Act of 1979 (50 U.S.C. 4605(j)(1)(A)) (as con-  
18 tinued in effect pursuant to the International Emer-  
19 gency Economic Powers Act (50 U.S.C. 1701 et  
20 seq.));

21 (2) section 620A(a) of the Foreign Assistance  
22 Act of 1961 (22 U.S.C. 2371(a));

23 (3) section 40(d) of the Arms Export Control  
24 Act (22 U.S.C. 2780(d)); or

25 (4) any other provision of law.

1 (b) PROHIBITION ON SUPPORT OF SANCTIONED PER-  
2 SONS.—The Corporation is prohibited from supporting a  
3 project under title II that benefits any entity subject to  
4 sanctions imposed by the United States.

5 **SEC. 504. PENALTIES FOR MISREPRESENTATION, FRAUD,**  
6 **AND BRIBERY.**

7 Subsections (g), (l), and (n) of section 237 of the  
8 Foreign Assistance Act of 1961 (22 U.S.C. 2197) shall  
9 apply with respect to the Corporation to the same extent  
10 and in the same manner as such subsections applied with  
11 respect to the Overseas Private Investment Corporation  
12 on the day before the date of the enactment of this Act.

13 **SEC. 505. MARKET DISPLACEMENT BY STATE-OWNED EN-**  
14 **TERPRISES AND MONOPOLIES.**

15 (a) POLICIES WITH RESPECT TO STATE-OWNED EN-  
16 TERPRISES.—The Corporation shall develop appropriate  
17 policies and guidelines to ensure that support provided  
18 under title II to a state-owned enterprise, sovereign wealth  
19 fund, or a parastatal entity engaged in commercial activi-  
20 ties or to a project in which such an entity or fund is  
21 participating is provided under appropriate principles of  
22 competitive neutrality.

23 (b) PROHIBITION ON SUPPORT TO MONOPOLIES.—  
24 The Corporation may not provide support under title II

1 to private sector entities engaged in monopolistic prac-  
2 tices.

3 (c) STATE-OWNED ENTERPRISE DEFINED.—

4 (1) IN GENERAL.—In this section, the term  
5 “state-owned enterprise” means any enterprise es-  
6 tablished for a commercial or business purpose that  
7 is directly owned or controlled by one or more gov-  
8 ernments, including any agency, instrumentality,  
9 subdivision, or other unit of government at any level  
10 of jurisdiction.

11 (2) CONTROL; OWNED.—For purposes of para-  
12 graph (1):

13 (A) CONTROL.—The term “control”, with  
14 respect to an enterprise, means the power by  
15 any means to control the enterprise regardless  
16 of—

17 (i) the level of ownership; and

18 (ii) whether or not the power is exer-  
19 cised.

20 (B) OWNED.—The term “owned”, with re-  
21 spect to an enterprise, means a majority or con-  
22 trolling interest, whether by value or voting in-  
23 terest, of the shares of that enterprise, includ-  
24 ing through fiduciaries, agents, or other means.



1           **TITLE VI—TRANSITIONAL**  
2                           **PROVISIONS**

3 **SEC. 601. DEFINITIONS.**

4       In this title:

5           (1) **AGENCY.**—The term “agency” includes any  
6       entity, organizational unit, program, or function.

7           (2) **TRANSITION PERIOD.**—The term “transi-  
8       tion period” means the period—

9                   (A) beginning on the date of the enactment  
10               of this Act; and

11                   (B) ending on the effective date of the re-  
12               organization plan required by section 602(d).

13 **SEC. 602. REORGANIZATION PLAN.**

14       (a) **SUBMISSION OF PLAN.**—Not later than 60 days  
15       after the date of the enactment of this Act, the President  
16       shall transmit to the appropriate congressional committees  
17       a reorganization plan regarding the following:

18           (1) The transfer of agencies, personnel, assets,  
19       and obligations to the Corporation pursuant to this  
20       title.

21           (2) Any consolidation, reorganization, or  
22       streamlining of agencies transferred to the Corpora-  
23       tion pursuant to this title.

24       (b) **PLAN ELEMENTS.**—The plan transmitted under  
25       subsection (a) shall contain, consistent with this Act, such

1 elements as the President deems appropriate, including  
2 the following:

3           (1) Identification of any functions of agencies  
4 transferred to the Corporation pursuant to this title  
5 that will not be transferred to the Corporation under  
6 the plan.

7           (2) Specification of the steps to be taken to or-  
8 ganize the Corporation, including the delegation or  
9 assignment of functions transferred to the Corpora-  
10 tion among officers of the Corporation in order to  
11 permit the Corporation to carry out the functions  
12 transferred under the plan.

13           (3) Specification of the funds available to each  
14 agency that will be transferred to the Corporation as  
15 a result of transfers under the plan.

16           (4) Specification of the proposed allocations  
17 within the Corporation of unexpended funds trans-  
18 ferred in connection with transfers under the plan.

19           (5) Specification of any proposed disposition of  
20 property, facilities, contracts, records, and other as-  
21 sets and obligations of agencies transferred under  
22 the plan.

23           (c) MODIFICATION OF PLAN.—The President may,  
24 on the basis of consultations with the appropriate congres-  
25 sional committees, modify or revise any part of the plan

1 until that part of the plan becomes effective in accordance  
2 with subsection (d).

3 (d) EFFECTIVE DATE.—

4 (1) IN GENERAL.—The reorganization plan de-  
5 scribed in this section, including any modifications  
6 or revisions of the plan under subsection (c), shall  
7 become effective for an agency on the date specified  
8 in the plan (or the plan as modified pursuant to sub-  
9 section (c)), except that such date may not be earlier  
10 than 90 days after the date the President has trans-  
11 mitted the reorganization plan to the appropriate  
12 congressional committees pursuant to subsection (a).

13 (2) STATUTORY CONSTRUCTION.—Nothing in  
14 this subsection may be construed to require the  
15 transfer of functions, personnel, records, balances of  
16 appropriations, or other assets of an agency on a  
17 single date.

18 **SEC. 603. TRANSFER OF FUNCTIONS.**

19 (a) IN GENERAL.—Effective at the end of the transi-  
20 tion period, there shall be transferred to the Corporation  
21 the functions, personnel, assets, and liabilities of—

22 (1) the Overseas Private Investment Corpora-  
23 tion, as in existence on the day before the date of  
24 the enactment of this Act; and

1           (2) the following elements of the United States  
2 Agency for International Development:

3           (A) The Development Credit Authority.

4           (B) The enterprise funds.

5           (C) The Office of Private Capital and Mi-  
6 croenterprise.

7           (b) BILATERAL AGREEMENTS.—Any bilateral agree-  
8 ment of the United States in effect on the date of the  
9 enactment of this Act that serves as the basis for pro-  
10 grams of the Overseas Private Investment Corporation  
11 shall be considered as satisfying the requirements of sec-  
12 tion 301(a).

13          (c) TRANSITION.—During the transition period, the  
14 agencies specified in subsection (a) shall—

15           (1) continue to administer the assets and obli-  
16 gations of those agencies; and

17           (2) carry out such programs and activities au-  
18 thorized under this Act as may be determined by the  
19 President.

20 **SEC. 604. TERMINATION OF OVERSEAS PRIVATE INVEST-**  
21 **MENT CORPORATION AND OTHER**  
22 **SUPERCEDED AUTHORITIES.**

23 Effective at the end of the transition period—

24           (1) the Overseas Private Investment Corpora-  
25 tion is terminated; and

1 (2) the following provisions are repealed:

2 (A) Title IV of chapter 2 of part I of the  
3 Foreign Assistance Act of 1961 (22 U.S.C.  
4 2191 et seq.) (other than subsections (g), (l),  
5 and (n) of section 237 of that Act).

6 (B) Subtitle B of title VI of that chapter  
7 (22 U.S.C. 2212).

8 **SEC. 605. TRANSITIONAL AUTHORITIES.**

9 (a) PROVISION OF ASSISTANCE BY OFFICIALS.—

10 Until the transfer of an agency to the Corporation under  
11 section 603, any official having authority over or functions  
12 relating to the agency immediately before the date of the  
13 enactment of this Act shall provide to the Corporation  
14 such assistance, including the use of personnel and assets,  
15 as the Corporation may request in preparing for the trans-  
16 fer and integration of the agency into the Corporation.

17 (b) SERVICES AND PERSONNEL.—During the transi-  
18 tion period, upon the request of the Corporation, the head  
19 of any executive agency may, on a reimbursable basis, pro-  
20 vide services or detail personnel to assist with the transi-  
21 tion.

22 (c) ACTING OFFICIALS.—

23 (1) IN GENERAL.—During the transition pe-  
24 riod, pending the advice and consent of the Senate  
25 to the appointment of an officer required by this Act

1 to be appointed by and with such advice and con-  
2 sent, the President may designate any officer whose  
3 appointment was required to be made by and with  
4 such advice and consent and who was such an officer  
5 immediately before the date of the enactment of this  
6 Act (and who continues in office) or immediately be-  
7 fore such designation, to act in such office until the  
8 same is filled as provided in this Act. While so act-  
9 ing, such officers shall receive compensation at the  
10 higher of—

11 (A) the rates provided by this Act for the  
12 respective offices in which they act; or

13 (B) the rates provided for the offices held  
14 at the time of designation.

15 (2) RULE OF CONSTRUCTION.—Nothing in this  
16 Act shall be construed to require the advice and con-  
17 sent of the Senate to the appointment by the Presi-  
18 dent to a position in the Corporation of any officer  
19 whose agency is transferred to the Corporation pur-  
20 suant to this title and whose duties following such  
21 transfer are germane to those performed before such  
22 transfer.

23 (d) TRANSFER OF PERSONNEL, ASSETS, OBLIGA-  
24 TIONS, AND FUNCTIONS.—Upon the transfer of an agency  
25 to the Corporation under section 603—

1           (1) the personnel, assets, and obligations held  
2           by or available in connection with the agency shall  
3           be transferred to the Corporation for appropriate al-  
4           location, subject to the approval of the Director of  
5           the Office of Management and Budget and in ac-  
6           cordance with section 1531(a)(2) of title 31, United  
7           States Code; and

8           (2) the Corporation shall have all functions—

9                   (A) relating to the agency that any other  
10                  official could by law exercise in relation to the  
11                  agency immediately before such transfer; and

12                   (B) vested in the Corporation by this Act  
13                  or other law.

14 **SEC. 606. SAVINGS PROVISIONS.**

15           (a) COMPLETED ADMINISTRATIVE ACTIONS.—

16                   (1) IN GENERAL.—Completed administrative  
17                  actions of an agency shall not be affected by the en-  
18                  actment of this Act or the transfer of such agency  
19                  to the Corporation under section 603, but shall con-  
20                  tinue in effect according to their terms until amend-  
21                  ed, modified, superseded, terminated, set aside, or  
22                  revoked in accordance with law by an officer of the  
23                  United States or a court of competent jurisdiction,  
24                  or by operation of law.

1           (2) COMPLETED ADMINISTRATIVE ACTION DE-  
2 FINED.—In this subsection, the term “completed ad-  
3 ministrative action” includes orders, determinations,  
4 rules, regulations, personnel actions, permits, agree-  
5 ments, grants, contracts, certificates, licenses, reg-  
6 istrations, and privileges.

7 (b) PENDING PROCEEDINGS.—

8           (1) IN GENERAL.—Pending proceedings in an  
9 agency, including notices of proposed rulemaking,  
10 and applications for licenses, permits, certificates,  
11 grants, and financial assistance, shall continue not-  
12 withstanding the enactment of this Act or the trans-  
13 fer of the agency to the Corporation, unless discon-  
14 tinued or modified under the same terms and condi-  
15 tions and to the same extent that such discontinu-  
16 ance could have occurred if such enactment or trans-  
17 fer had not occurred.

18           (2) ORDERS.—Orders issued in proceedings de-  
19 scribed in paragraph (1), and appeals therefrom,  
20 and payments made pursuant to such orders, shall  
21 issue in the same manner and on the same terms as  
22 if this Act had not been enacted or the agency had  
23 not been transferred, and any such orders shall con-  
24 tinue in effect until amended, modified, superseded,  
25 terminated, set aside, or revoked by an officer of the



1 United States or a court of competent jurisdiction,  
2 or by operation of law.

3 (c) PENDING CIVIL ACTIONS.—Pending civil actions  
4 shall continue notwithstanding the enactment of this Act  
5 or the transfer of an agency to the Corporation, and in  
6 such civil actions, proceedings shall be had, appeals taken,  
7 and judgments rendered and enforced in the same manner  
8 and with the same effect as if such enactment or transfer  
9 had not occurred.

10 (d) REFERENCES.—References relating to an agency  
11 that is transferred to the Corporation under section 603  
12 in statutes, Executive orders, rules, regulations, directives,  
13 or delegations of authority that precede such transfer or  
14 the date of the enactment of this Act shall be deemed to  
15 refer, as appropriate, to the Corporation, to its officers,  
16 employees, or agents, or to its corresponding organiza-  
17 tional units or functions. Statutory reporting requirements  
18 that applied in relation to such an agency immediately be-  
19 fore the effective date of this Act shall continue to apply  
20 following such transfer if they refer to the agency by  
21 name.

22 (e) EMPLOYMENT PROVISIONS.—

23 (1) REGULATIONS.—The Corporation may, in  
24 regulations prescribed jointly with the Director of  
25 the Office of Personnel Management, adopt the

1 rules, procedures, terms, and conditions, established  
2 by statute, rule, or regulation before the date of the  
3 enactment of this Act, relating to employment in any  
4 agency transferred to the Corporation under section  
5 603.

6 (2) EFFECT OF TRANSFER ON CONDITIONS OF  
7 EMPLOYMENT.—Except as otherwise provided in this  
8 Act, or under authority granted by this Act, the  
9 transfer pursuant to this title of personnel shall not  
10 alter the terms and conditions of employment, in-  
11 cluding compensation, of any employee so trans-  
12 ferred.

13 (f) STATUTORY REPORTING REQUIREMENTS.—Any  
14 statutory reporting requirement that applied to an agency  
15 transferred to the Corporation under this title immediately  
16 before the date of the enactment of this Act shall continue  
17 to apply following that transfer if the statutory require-  
18 ment refers to the agency by name.

19 **SEC. 607. OTHER TERMINATIONS.**

20 Except as otherwise provided in this Act, whenever  
21 all the functions vested by law in any agency have been  
22 transferred pursuant to this title, each position and office  
23 the incumbent of which was authorized to receive com-  
24 pensation at the rates prescribed for an office or position  
25 at level II, III, IV, or V of the Executive Schedule under

1 subchapter II of chapter 53 of title 5, United States Code,  
2 shall terminate.

3 **SEC. 608. INCIDENTAL TRANSFERS.**

4 The Director of the Office of Management and Budg-  
5 et, in consultation with the Corporation, is authorized and  
6 directed to make such additional incidental dispositions of  
7 personnel, assets, and liabilities held, used, arising from,  
8 available, or to be made available, in connection with the  
9 functions transferred by this title, as the Director may de-  
10 termine necessary to accomplish the purposes of this Act.

11 **SEC. 609. REFERENCE.**

12 With respect to any function transferred under this  
13 title (including under a reorganization plan under section  
14 602) and exercised on or after the date of the enactment  
15 of this Act, reference in any other Federal law to any de-  
16 partment, commission, or agency or any officer or office  
17 the functions of which are so transferred shall be deemed  
18 to refer to the Corporation or official or component of the  
19 Corporation to which that function is so transferred.

20 **SEC. 610. CONFORMING AMENDMENTS.**

21 (a) EXEMPT PROGRAMS.—Section 255(g) of the Bal-  
22 anced Budget and Emergency Deficit Control Act of 1985  
23 (2 U.S.C. 905(g)) is amended by striking “Overseas Pri-  
24 vate Investment Corporation, Noncredit Account (71-

1 4184-0-3-151).” and inserting “United States Inter-  
2 national Development Finance Corporation.”.

3 (b) EXECUTIVE SCHEDULE.—Title 5, United States  
4 Code, is amended—

5 (1) in section 5314, by striking “President,  
6 Overseas Private Investment Corporation.”;

7 (2) in section 5315, by striking “Executive Vice  
8 President, Overseas Private Investment Corpora-  
9 tion.”; and

10 (3) in section 5316, by striking “Vice Presi-  
11 dents, Overseas Private Investment Corporation  
12 (3).”.

13 (c) OFFICE OF INTERNATIONAL TRADE OF THE  
14 SMALL BUSINESS ADMINISTRATION.—Section 22 of the  
15 Small Business Act (15 U.S.C. 649) is amended—

16 (1) in subsection (b), in the matter preceding  
17 paragraph (1), by striking “the President of the  
18 Overseas Private Investment Corporation, Director”  
19 and inserting “the Board of Directors of the United  
20 States International Development Finance Corpora-  
21 tion, the Director”; and

22 (2) by striking “Overseas Private Investment  
23 Corporation” each place it appears and inserting  
24 “United States International Development Finance  
25 Corporation”.

1 (d) UNITED STATES AND FOREIGN COMMERCIAL  
2 SERVICE.—Section 2301 of the Export Enhancement Act  
3 of 1988 (15 U.S.C. 4721) is amended by striking “Over-  
4 seas Private Investment Corporation” each place it ap-  
5 pears and inserting “United States International Develop-  
6 ment Finance Corporation”.

7 (e) TRADE PROMOTION COORDINATING COM-  
8 MITTEE.—Section 2312(d)(1)(K) of the Export Enhance-  
9 ment Act of 1988 (15 U.S.C. 4727(d)(1)(K)) is amended  
10 by striking “Overseas Private Investment Corporation”  
11 and inserting “United States International Development  
12 Finance Corporation”.

13 (f) INTERAGENCY TRADE DATA ADVISORY COM-  
14 MITTEE.—Section 5402(b) of the Omnibus Trade and  
15 Competitiveness Act of 1988 (15 U.S.C. 4902(b)) is  
16 amended by striking “the President of the Overseas Pri-  
17 vate Investment Corporation” and inserting “the Chief  
18 Executive Officer of the United States International De-  
19 velopment Finance Corporation”.

20 (g) MISUSE OF NAMES OF FEDERAL AGENCIES.—  
21 Section 709 of title 18, United States Code, is amended  
22 by striking “‘Overseas Private Investment’, ‘Overseas Pri-  
23 vate Investment Corporation’, or ‘OPIC’,” and inserting  
24 “‘United States International Development Finance Cor-  
25 poration’ or ‘DFC’”.

1 (h) ENGAGEMENT ON CURRENCY EXCHANGE RATE  
2 AND ECONOMIC POLICIES.—Section 701(c)(1)(A) of the  
3 Trade Facilitation and Trade Enforcement Act of 2015  
4 (19 U.S.C. 4421(c)(1)(A)) is amended by striking “Over-  
5 seas Private Investment Corporation” and inserting  
6 “United States International Development Finance Cor-  
7 poration”.

8 (i) INTERNSHIPS WITH INSTITUTE FOR INTER-  
9 NATIONAL PUBLIC POLICY.—Section 625 of the Higher  
10 Education Act of 1965 (20 U.S.C. 1131c(a)) is amended  
11 by striking “Overseas Private Investment Corporation”  
12 and inserting “United States International Development  
13 Finance Corporation”.

14 (j) FOREIGN ASSISTANCE ACT OF 1961.—The For-  
15 eign Assistance Act of 1961 (22 U.S.C. 2151 et seq.) is  
16 amended—

17 (1) in section 449B(b)(2) (22 U.S.C.  
18 2296b(b)(2)), by striking “Overseas Private Invest-  
19 ment Corporation” and inserting “United States  
20 International Development Finance Corporation”;  
21 and

22 (2) in section 481(e)(4)(A) (22 U.S.C.  
23 2291(c)(4)(A)), in the matter preceding clause (i),  
24 by striking “(including programs under title IV of  
25 chapter 2, relating to the Overseas Private Invest-

1       ment Corporation)” and inserting “(and any support  
2       under title II of the Better Utilization of Invest-  
3       ments Leading to Development Act of 2018, relating  
4       to the United States International Development Fi-  
5       nance Corporation)”.

6       (k) ELECTRIFY AFRICA ACT OF 2015.—Sections 5  
7       and 7 of the Electrify Africa Act of 2015 (Public Law  
8       114–121; 22 U.S.C. 2293 note) are amended by striking  
9       “Overseas Private Investment Corporation” each place it  
10      appears and inserting “United States International Devel-  
11      opment Finance Corporation”.

12      (l) FOREIGN AID TRANSPARENCY AND ACCOUNT-  
13      ABILITY ACT OF 2016.—Section 2(3) of the Foreign Aid  
14      Transparency and Accountability Act of 2016 (Public Law  
15      114–191; 22 U.S.C. 2394e note) is amended by striking  
16      subparagraph (A) and inserting the following:

17                   “(A) title II of the Better Utilization of In-  
18                   vestments Leading to Development Act of  
19                   2018;”.

20      (m) SUPPORT FOR EAST EUROPEAN DEMOCRACY  
21      (SEED) PROGRAM.—Section 2(e) of the Support for East  
22      European Democracy (SEED) Act of 1989 (22 U.S.C.  
23      5401(c)) is amended by striking paragraph (12) and in-  
24      serting the following:

1           “(12) UNITED STATES INTERNATIONAL DEVEL-  
2           OPMENT FINANCE CORPORATION.—Programs of the  
3           United States International Development Finance  
4           Corporation.”.

5           (n) CUBAN LIBERTY AND DEMOCRATIC SOLIDARITY  
6           (LIBERTAD) ACT OF 1996.—Section 202(b)(2)(B)(iv)  
7           of the Cuban Liberty and Democratic Solidarity  
8           (LIBERTAD) Act of 1996 (22 U.S.C. 6062(b)(2)(B)(iv))  
9           is amended by striking “Overseas Private Investment Cor-  
10          poration” and inserting “United States International De-  
11          velopment Finance Corporation”.

12          (o) INTERNATIONAL RELIGIOUS FREEDOM ACT OF  
13          1998.—Section 405(a)(10) of the International Religious  
14          Freedom Act of 1998 (22 U.S.C. 6445(a)(10)) is amended  
15          by striking “Overseas Private Investment Corporation”  
16          and inserting “United States International Development  
17          Finance Corporation”.

18          (p) TRAFFICKING VICTIMS PROTECTION ACT OF  
19          2000.—Section 103(8) of the Trafficking Victims Protec-  
20          tion Act of 2000 (22 U.S.C. 7102(8)) is amended—

21                 (1) in clause (vii), by striking the semicolon and  
22                 inserting “; and”; and

23                 (2) by striking clause (viii).

24          (q) TECHNOLOGY DEPLOYMENT IN DEVELOPING  
25          COUNTRIES.—Section 732(b) of the Global Environmental



1 Protection Assistance Act of 1989 (22 U.S.C. 7902(b))  
2 is amended by striking “Overseas Private Investment Cor-  
3 poration” and inserting “United States International De-  
4 velopment Finance Corporation”.

5 (r) EXPANDED NONMILITARY ASSISTANCE FOR  
6 UKRAINE.—Section 7(e)(3) of the Ukraine Freedom Sup-  
7 port Act of 2014 (22 U.S.C. 8926(e)(3)) is amended—

8 (1) in the matter preceding subparagraph (A),  
9 by striking “Overseas Private Investment Corpora-  
10 tion” and inserting “United States International De-  
11 velopment Finance Corporation”; and

12 (2) in subparagraph (B), by striking “by eligi-  
13 ble investors (as defined in section 238 of the For-  
14 eign Assistance Act of 1961 (22 U.S.C. 2198))”.

15 (s) GLOBAL FOOD SECURITY ACT OF 2016.—Section  
16 4(7) of the Global Food Security Act of 2016 (22 U.S.C.  
17 9303(7)) is amended by striking “Overseas Private Invest-  
18 ment Corporation” and inserting “United States Inter-  
19 national Development Finance Corporation”.

20 (t) SENSE OF CONGRESS ON EUROPEAN AND EUR-  
21 ASIAN ENERGY SECURITY.—Section 257(e)(2)(B) of the  
22 Countering Russian Influence in Europe and Eurasia Act  
23 of 2017 (22 U.S.C. 9546(c)(2)(B)) is amended by striking  
24 “Overseas Private Investment Corporation” and inserting

1 “United States International Development Finance Cor-  
2 poration”.

3 (ii) WHOLLY OWNED GOVERNMENT CORPORA-  
4 TION.—Section 9101(3) of title 31, United States Code,  
5 is amended by striking “Overseas Private Investment Cor-  
6 poration” and inserting “United States International De-  
7 velopment Finance Corporation”.

8 (v) ENERGY INDEPENDENCE AND SECURITY ACT OF  
9 2007.—Title IX of the Energy Independence and Security  
10 Act of 2007 (42 U.S.C. 17321 et seq.) is amended—

11 (1) in section 914 (42 U.S.C. 17334)—

12 (A) in the section heading, by striking  
13 “**OVERSEAS PRIVATE INVESTMENT COR-**  
14 **PORATION**” and inserting “**UNITED STATES**  
15 **INTERNATIONAL DEVELOPMENT FINANCE**  
16 **CORPORATION**”;

17 (B) in subsection (a), in the matter pre-  
18 ceding paragraph (1), by striking “Overseas  
19 Private Investment Corporation” and inserting  
20 “United States International Development Fi-  
21 nance Corporation”; and

22 (C) in subsection (b), in the matter pre-  
23 ceding paragraph (1), by striking “Overseas  
24 Private Investment Corporation shall include in  
25 its annual report required under section 240A

1 of the Foreign Assistance Act of 1961 (22  
2 U.S.C. 2200a)” and inserting “United States  
3 International Development Finance Corporation  
4 shall include in its annual report required under  
5 section 403 of the Better Utilization of Invest-  
6 ments Leading to Development Act of 2018”;  
7 and

8 (2) in section 916(a)(2)(I) (42 U.S.C.  
9 17336(a)(2)(I)), by striking “Overseas Private In-  
10 vestment Corporation:” and inserting “United  
11 States International Development Finance Corpora-  
12 tion;”.

13 (w) EFFECTIVE DATE.—The amendments made by  
14 this section shall take effect at the end of the transition  
15 period.

**AMENDMENT IN THE NATURE OF A SUBSTITUTE  
TO H.R. 5105  
OFFERED BY MR. ROYCE OF CALIFORNIA**

Strike all after the enacting clause and insert the following:

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

2 (a) SHORT TITLE.—This Act may be cited as the  
3 “Better Utilization of Investments Leading to Develop-  
4 ment Act of 2018” or the “BUILD Act of 2018”.

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

Sec. 1. Short title; table of contents.  
Sec. 2. Definitions.

**TITLE I—ESTABLISHMENT**

Sec. 101. Statement of policy.  
Sec. 102. United States International Development Finance Corporation.  
Sec. 103. Management of Corporation.  
Sec. 104. Inspector General of the Corporation.

**TITLE II—AUTHORITIES**

Sec. 201. Authorities relating to provision of support.  
Sec. 202. Terms and conditions.  
Sec. 203. Payment of losses.  
Sec. 204. Termination.

**TITLE III—ADMINISTRATIVE AND GENERAL PROVISIONS**

Sec. 301. Operations.  
Sec. 302. Corporate powers.  
Sec. 303. Maximum contingent liability.  
Sec. 304. Corporate funds.  
Sec. 305. Coordination with other development agencies.

**TITLE IV—MONITORING, EVALUATION, AND REPORTING**

- Sec. 401. Establishment of risk and audit committees.
- Sec. 402. Performance measures.
- Sec. 403. Annual report.
- Sec. 404. Publicly available project information.
- Sec. 405. Engagement with investors.

TITLE V—CONDITIONS, RESTRICTIONS, AND PROHIBITIONS

- Sec. 501. Limitations and preferences.
- Sec. 502. Additionality and avoidance of market distortion.
- Sec. 503. Prohibition on support in sanctioned countries and with sanctioned persons.
- Sec. 504. Penalties for misrepresentation, fraud, and bribery.

TITLE VI—TRANSITIONAL PROVISIONS

- Sec. 601. Definitions.
- Sec. 602. Reorganization plan.
- Sec. 603. Transfer of functions.
- Sec. 604. Termination of Overseas Private Investment Corporation and other superceded authorities.
- Sec. 605. Transitional authorities.
- Sec. 606. Savings provisions.
- Sec. 607. Other terminations.
- Sec. 608. Incidental transfers.
- Sec. 609. Reference.
- Sec. 610. Conforming amendments.

1 **SEC. 2. DEFINITIONS.**

2 In this Act:

3 (1) **APPROPRIATE CONGRESSIONAL COMMIT-**  
 4 **TEES.**—The term “appropriate congressional com-  
 5 mittes” means—

6 (A) the Committee on Foreign Relations  
 7 and the Committee on Appropriations of the  
 8 Senate; and

9 (B) the Committee on Foreign Affairs and  
 10 the Committee on Appropriations of the House  
 11 of Representatives.

12 (2) **LESS DEVELOPED COUNTRY.**—The term  
 13 “less developed country” means a country with a

1 low-income economy, lower-middle-income economy,  
2 or upper-middle-income economy, as defined by the  
3 International Bank for Reconstruction and Develop-  
4 ment and the International Development Association  
5 (collectively referred to as the “World Bank”).

6 (3) PREDECESSOR AUTHORITY.—The term  
7 “predecessor authority” means authorities repealed  
8 by title VI.

9 (4) QUALIFYING SOVEREIGN ENTITY.—The  
10 term “qualifying sovereign entity” means—

11 (A) any agency or instrumentality of a for-  
12 eign state (as defined in section 1603 of title  
13 28, United States Code) that has a purpose  
14 that is similar to the purpose of the Corpora-  
15 tion as described in section 102(b); and

16 (B) any international financial institution  
17 (as defined in section 1701(c) of the Inter-  
18 national Financial Institutions Act (22 U.S.C.  
19 262r(c))).

## 20 **TITLE I—ESTABLISHMENT**

### 21 **SEC. 101. STATEMENT OF POLICY.**

22 It is the policy of the United States to facilitate mar-  
23 ket-based private sector development and economic growth  
24 in less developed countries through the provision of credit,  
25 capital, and other financial support—

1           (1) to mobilize private capital in support of sus-  
2           tainable, broad-based economic growth, poverty re-  
3           duction, and development through demand-driven  
4           partnerships with the private sector that further the  
5           foreign policy interests of the United States;

6           (2) to finance development in a way that builds  
7           and strengthens civic institutions, promotes competi-  
8           tion, provides for public accountability and trans-  
9           parency;

10          (3) to help private sector actors overcome iden-  
11          tifiable market gaps and inefficiencies without dis-  
12          torting markets;

13          (4) to achieve clearly defined economic and so-  
14          cial development outcomes;

15          (5) to coordinate with institutions with pur-  
16          poses similar to the purposes of the Corporation to  
17          leverage resources of those institutions to produce  
18          the greatest impact;

19          (6) to provide countries a robust alternative to  
20          state-directed investments by authoritarian govern-  
21          ments and United States strategic competitors using  
22          high standards of transparency, environmental and  
23          social safeguards, and which take into account the  
24          debt sustainability of partner countries;

1           (7) to leverage private sector capabilities and  
2 innovative development tools to help countries cur-  
3 rently receiving United States assistance to transi-  
4 tion from their status as recipients of traditional  
5 forms of assistance in order to decrease their reli-  
6 ance on such assistance over time;

7           (8) to complement and be guided by overall  
8 United States foreign policy, development, and na-  
9 tional security objectives, taking into account the  
10 priorities and needs of countries receiving support.

11 **SEC. 102. UNITED STATES INTERNATIONAL DEVELOPMENT**  
12 **FINANCE CORPORATION.**

13       (a) **ESTABLISHMENT.**—There is established in the  
14 Executive branch the United States International Devel-  
15 opment Finance Corporation (in this Act referred to as  
16 the “Corporation”), which shall be a wholly owned Gov-  
17 ernment corporation (as defined in section 9101 of title  
18 31, United States Code) under the foreign policy guidance  
19 of the Secretary of State.

20       (b) **PURPOSE.**—The purpose of the Corporation shall  
21 be to mobilize and facilitate the participation of private  
22 sector capital and skills in the economic development of  
23 less developed countries, as described in subsection (c),  
24 and countries in transition from nonmarket to market  
25 economies, in order to complement the development assist-



1 ance objectives, and advance the foreign policy interests,  
2 of the United States. In carrying out its purpose, the Cor-  
3 poration, utilizing broad criteria, shall take into account  
4 in its financing operations the economic and financial  
5 soundness of projects for which it provides support under  
6 title II.

7 (c) LESS DEVELOPED COUNTRY FOCUS.—

8 (1) IN GENERAL.—The Corporation shall  
9 prioritize the provision of support under title II in  
10 less developed countries with a low-income economy  
11 or a lower-middle-income economy.

12 (2) SUPPORT IN UPPER-MIDDLE-INCOME COUN-  
13 TRIES.—The Corporation shall restrict the provision  
14 of support under title II in a less developed country  
15 with an upper-middle-income economy unless—

16 (A) the President certifies to the appro-  
17 priate congressional committees that such sup-  
18 port furthers the national economic or foreign  
19 policy interests of the United States; and

20 (B) such support is likely to be highly de-  
21 velopmental or provide developmental benefits  
22 to the poorest population of that country.

23 **SEC. 103. MANAGEMENT OF CORPORATION.**

24 (a) STRUCTURE OF CORPORATION.—There shall be  
25 in the Corporation a Board of Directors (in this Act re-

1 ferred to as the “Board”), a Chief Executive Officer, a  
2 Deputy Chief Executive Officer, a Chief Risk Officer,  
3 Chief Development Officer, and such other officers as the  
4 Board may determine.

5 (b) BOARD OF DIRECTORS.—

6 (1) DUTIES.—All powers of the Corporation  
7 shall vest in and be exercised by or under the au-  
8 thority of the Board. The Board—

9 (A) shall perform the functions specified to  
10 be carried out by the Board in this Act;

11 (B) may prescribe, amend, and repeal by-  
12 laws, rules, regulations, policies, and procedures  
13 governing the manner in which the business of  
14 the Corporation may be conducted and in which  
15 the powers granted to the Corporation by law  
16 may be exercised; and

17 (C) shall develop, in consultation with  
18 stakeholders and other interested parties, a  
19 publicly-available policy with respect to con-  
20 sultations, hearings, and other forms of engage-  
21 ment in order to provide for meaningful public  
22 participation in the Board’s activities.

23 (2) MEMBERSHIP OF BOARD.—

24 (A) IN GENERAL.—The Board shall consist  
25 of—

1 (i) the Chief Executive Officer of the  
2 Corporation;

3 (ii) the officers specified in subpara-  
4 graph (B); and

5 (iii) four other individuals who shall  
6 be appointed by the President, by and with  
7 the advice and consent of the Senate, of  
8 which—

9 (I) one individual should be ap-  
10 pointed from among a list of at least  
11 five individuals submitted by the ma-  
12 jority leader of the Senate after con-  
13 sultation with the chairman of the  
14 Committee on Foreign Relations of  
15 the Senate;

16 (II) one individual should be ap-  
17 pointed from among a list of at least  
18 five individuals submitted by the mi-  
19 nority leader of the Senate after con-  
20 sultation with the ranking member of  
21 the Committee on Foreign Relations  
22 of the Senate;

23 (III) one individual should be ap-  
24 pointed from among a list of at least  
25 five individuals submitted by the

1 Speaker of the House of Representa-  
2 tives after consultation with the chair-  
3 man of the Committee on Foreign Af-  
4 fairs of the House of Representatives;  
5 and

6 (IV) one individual should be ap-  
7 pointed from among a list of at least  
8 five individuals submitted by the mi-  
9 nority leader of the House of Rep-  
10 representatives after consultation with  
11 the ranking member of the Committee  
12 on Foreign Affairs of the House of  
13 Representatives.

14 (B) OFFICERS SPECIFIED.—

15 (i) IN GENERAL.—The officers speci-  
16 fied in this subparagraph are the following:

17 (I) The Secretary of State or a  
18 designee of the Secretary.

19 (II) The Administrator of the  
20 United States Agency for Inter-  
21 national Development or a designee of  
22 the Administrator.

23 (III) The Secretary of the Treas-  
24 ury or a designee of the Secretary.

1 (IV) The Secretary of Commerce  
2 or a designee of the Secretary.

3 (ii) REQUIREMENTS FOR DES-  
4 IGNEES.—A designee under clause (i) shall  
5 be selected from among officers—

6 (I) appointed by the President,  
7 by and with the advice and consent of  
8 the Senate;

9 (II) whose duties relate to the  
10 programs of the Corporation; and

11 (III) who is designated by and  
12 serving at the pleasure of the Presi-  
13 dent.

14 (C) REQUIREMENTS FOR NON-GOVERN-  
15 MENT MEMBERS.—A member of the Board de-  
16 scribed in subparagraph (A)(iii)—

17 (i) may not be an officer or employee  
18 of the United States Government;

19 (ii) shall have relevant experience to  
20 carry out the purposes of the Corporation;

21 (iii) shall be appointed for a term of  
22 3 years and may be reappointed for one  
23 additional term;

24 (iv) shall serve until the member's  
25 successor is appointed and confirmed;

1 (v) shall be compensated at a rate  
2 equivalent to that of level IV of the Execu-  
3 tive Schedule under section 5315 of title 5,  
4 United States Code, when engaged in the  
5 business of the Corporation; and

6 (vi) may be paid per diem in lieu of  
7 subsistence at the applicable rate under  
8 the Federal Travel Regulation under sub-  
9 title F of title 41, Code of Federal Regula-  
10 tions, from time to time, while away from  
11 the home or usual place of business of the  
12 member.

13 (3) CHAIRPERSON.—There shall be a Chair-  
14 person of the Board designated by the President  
15 from among the individuals described in paragraph  
16 (2)(A).

17 (4) VICE CHAIRPERSON.—The Administrator of  
18 the United States Agency for International Develop-  
19 ment, or the designee of the Administrator under  
20 paragraph (2)(B)(i)(II), shall serve as the Vice  
21 Chairperson of the Board.

22 (5) QUORUM.—Five members of the Board  
23 shall constitute a quorum for the transaction of  
24 business by the Board.

25 (c) PUBLIC HEARINGS.—

1           (1) PUBLIC HEARINGS BY THE BOARD.—The  
2 Board shall hold at least one public hearing each  
3 year in order to afford an opportunity for any per-  
4 son to present views with respect to whether—

5                   (A) the Corporation is carrying out its ac-  
6 tivities in accordance with this Act; and

7                   (B) any support provided by the Corpora-  
8 tion under title II in any country should have  
9 been or should be extended.

10           (2) ADDITIONAL PUBLIC HEARINGS.—In con-  
11 junction with each meeting of the Board, the Cor-  
12 poration shall hold a public hearing in order to af-  
13 ford an opportunity for any person to present views  
14 regarding the activities of the Corporation. Such  
15 views shall be made part of the record.

16           (d) CHIEF EXECUTIVE OFFICER.—

17                   (1) APPOINTMENT.—There shall be in the Cor-  
18 poration a Chief Executive Officer, who shall be ap-  
19 pointed by the President, by and with the advice and  
20 consent of the Senate, and who shall serve at the  
21 pleasure of the President.

22                   (2) AUTHORITIES AND DUTIES.—The Chief Ex-  
23 cutive Officer shall be responsible for the manage-  
24 ment of the Corporation and shall exercise the pow-  
25 ers and discharge the duties of the Corporation sub-

1       ject to the bylaws, rules, regulations, and procedures  
2       established by the Board.

3               (3) RELATIONSHIP TO BOARD.—The Chief Ex-  
4       ecutive Officer shall report to and be under the di-  
5       rect authority of the Board.

6               (4) COMPENSATION.—Section 5313 of title 5,  
7       United States Code, is amended by adding at the  
8       end the following:

9               “Chief Executive Officer, United States Inter-  
10       national Development Finance Corporation.”.

11       (c) DEPUTY CHIEF EXECUTIVE OFFICER.—There  
12       shall be in the Corporation a Deputy Chief Executive Offi-  
13       cer, who shall be appointed by the President, by and with  
14       the advice and consent of the Senate, and who shall serve  
15       at the pleasure of the President.

16       (f) CHIEF RISK OFFICER.—

17               (1) APPOINTMENT.—Subject to the approval of  
18       the Board, the Chief Executive Officer of the Cor-  
19       poration shall appoint a Chief Risk Officer, from  
20       among individuals with experience at a senior level  
21       in financial risk management, who—

22                       (A) shall report directly to the Board; and

23                       (B) shall be removable only by a majority  
24       vote of the Board.



1           (2) DUTIES.—The Chief Risk Officer shall, in  
2           coordination with the audit committee of the Board  
3           established under 401, develop, implement, and  
4           manage a comprehensive process for identifying, as-  
5           sessing, monitoring, and limiting risks to the Cor-  
6           poration, including the overall portfolio diversifica-  
7           tion of the Corporation.

8           (g) CHIEF DEVELOPMENT OFFICER.—

9           (1) APPOINTMENT.—Subject to the approval of  
10          the Board, the Chief Executive Officer shall appoint  
11          a Chief Development Officer, from among individ-  
12          uals with experience in development, who—

13                   (A) shall report directly to the Board; and

14                   (B) shall be removable only by a majority  
15          vote of the Board.

16          (2) DUTIES.—The Chief Development Officer  
17          shall—

18                   (A) coordinate the Corporation's develop-  
19          ment policies and implementation efforts with  
20          the United States Agency for International De-  
21          velopment, the Millennium Challenge Corpora-  
22          tion, and other relevant United State Govern-  
23          ment departments and agencies, including di-  
24          rectly liaising with missions of the United  
25          States Agency for International Development,

1 to ensure that departments, agencies, and mis-  
2 sions have training, awareness, and access to  
3 the Corporation's tools in relation to develop-  
4 ment policy and projects in countries;

5 (B) under the guidance of the Chief Exec-  
6 utive Officer, manage employees of the Cor-  
7 poration that are dedicated to structuring, mon-  
8 itoring and evaluating transactions and projects  
9 co-designed with the United States Agency for  
10 International Development and other relevant  
11 United State Government departments and  
12 agencies;

13 (C) authorize and coordinate transfers of  
14 funds or other resources to and from such  
15 agencies, departments, or missions upon the  
16 concurrence of those institutions in support of  
17 the Corporation's projects or activities; and

18 (D) coordinate and implement the activi-  
19 ties of the Corporation under section 405.

20 (h) OFFICERS AND EMPLOYEES.—

21 (1) IN GENERAL.—Except as otherwise pro-  
22 vided in this section, officers, employees, and agents  
23 shall be selected and appointed by the Corporation,  
24 and shall be vested with such powers and duties as  
25 the Corporation may determine.

1 (2) ADMINISTRATIVELY DETERMINED EMPLOY-  
2 EES.—

3 (A) APPOINTMENT; COMPENSATION; RE-  
4 MOVAL.—Of officers and employees employed  
5 by the Corporation under paragraph (1), not to  
6 exceed 50 may be appointed, compensated, or  
7 removed without regard to title 5, United  
8 States Code.

9 (B) REINSTATEMENT.—Under such regu-  
10 lations as the President may prescribe, officers  
11 and employees appointed to a position under  
12 subparagraph (A) may be entitled, upon re-  
13 moval from such position (unless the removal  
14 was for cause), to reinstatement to the position  
15 occupied at the time of appointment or to a po-  
16 sition of comparable grade and salary.

17 (C) ADDITIONAL POSITIONS.—Positions  
18 authorized by subparagraph (A) shall be in ad-  
19 dition to those otherwise authorized by law, in-  
20 cluding positions authorized under section 5108  
21 of title 5, United States Code.

22 (D) RATES OF PAY FOR OFFICERS AND  
23 EMPLOYEES.—The Corporation may set and  
24 adjust rates of basic pay for officers and em-  
25 ployees appointed under subparagraph (A)

1 without regard to the provisions of chapter 51  
2 or subchapter III of chapter 53 of title 5,  
3 United States Code, relating to classification of  
4 positions and General Schedule pay rates, re-  
5 spectively.

6 (3) LIABILITY OF EMPLOYEES.—

7 (A) IN GENERAL.—An individual who is a  
8 member of the Board or an officer or employee  
9 of the Corporation has no liability under this  
10 Act with respect to any claim arising out of or  
11 resulting from any act or omission by the indi-  
12 vidual within the scope of the employment of  
13 the individual in connection with any trans-  
14 action by the Corporation.

15 (B) RULE OF CONSTRUCTION.—Subpara-  
16 graph (A) shall not be construed to limit per-  
17 sonal liability of an individual for criminal acts  
18 or omissions, willful or malicious misconduct,  
19 acts or omissions for private gain, or any other  
20 acts or omissions outside the scope of the indi-  
21 vidual's employment.

22 (C) SAVINGS PROVISION.—This paragraph  
23 shall not be construed—

24 (i) to affect—

1 (I) any other immunities and  
 2 protections that may be available to  
 3 an individual described in subpara-  
 4 graph (A) under applicable law with  
 5 respect to a transaction described in  
 6 that subparagraph; or

7 (II) any other right or remedy  
 8 against the Corporation, against the  
 9 United States under applicable law, or  
 10 against any person other than an indi-  
 11 vidual described in subparagraph (A)  
 12 participating in such a transaction; or

13 (ii) to limit or alter in any way the  
 14 immunities that are available under appli-  
 15 cable law for Federal officers and employ-  
 16 ees not described in this paragraph.

17 **SEC. 104. INSPECTOR GENERAL OF THE CORPORATION.**

18 The President shall appoint and maintain an Inspec-  
 19 tor General in the Corporation, in accordance with the In-  
 20 spector General Act of 1978 (5 U.S.C. App.).

21 **TITLE II—AUTHORITIES**

22 **SEC. 201. AUTHORITIES RELATING TO PROVISION OF SUP-**  
 23 **PORT.**

24 (a) IN GENERAL.—The authorities in this title should  
 25 only be exercised to—

1           (1) carry out of the policy of the United States  
2 in section 101 and the purpose of the Corporation  
3 in section 102;

4           (2) mitigate risks to United States taxpayers by  
5 sharing risks with the private sector and qualifying  
6 sovereign entities through co-financing and struc-  
7 turing of tools; and

8           (3) ensure that support provided under this  
9 title is additional to private sector resources by mo-  
10 bilizing private capital that would otherwise not be  
11 deployed without such support.

12 (b) LENDING AND GUARANTIES.—

13           (1) IN GENERAL.—The Corporation may make  
14 loans or guaranties upon such terms and conditions  
15 as the Corporation may determine.

16           (2) DENOMINATION.—Loans and guaranties  
17 issued under paragraph (1) may be denominated and  
18 repayable in United States dollars or foreign cur-  
19 rencies. Foreign currency denominated loans and  
20 guaranties should only be provided if the Board de-  
21 termines there is a substantive policy rationale for  
22 such loans and guaranties.

23           (3) APPLICABILITY OF FEDERAL CREDIT RE-  
24 FORM ACT OF 1990.—Loans and guaranties issued  
25 under paragraph (1) shall be subject to the require-

1       ments of the Federal Credit Reform Act of 1990 (2  
2       U.S.C. 661 et seq.).

3       (c) EQUITY INVESTMENTS.—

4           (1) IN GENERAL.—The Corporation may, as a  
5       minority investor, support projects with funds or use  
6       other mechanisms for the purpose of purchasing,  
7       and may make and fund commitments to purchase,  
8       invest in, make pledges in respect of, or otherwise  
9       acquire, equity or quasi-equity securities or shares or  
10      financial interests of any entity, including as a lim-  
11      ited partner or other investor in investment funds,  
12      upon such terms and conditions as the Corporation  
13      may determine.

14          (2) DENOMINATION.—Support provided under  
15      paragraph (1) may be denominated and repayable in  
16      United States dollars or foreign currency. Foreign  
17      currency denominated support provided by para-  
18      graph (1) should only be provided if the Board de-  
19      termines there is a substantive policy rationale for  
20      such support.

21          (3) GUIDELINES AND CRITERIA.—The Corpora-  
22      tion shall develop guidelines and criteria to require  
23      that the use of the authority provided by paragraph  
24      (1) with respect to a project has a clearly defined

1 development and foreign policy rationale, taking into  
2 account the following objectives:

3 (A) The support for the project would be  
4 more likely than not to substantially reduce or  
5 overcome the effect of an identified market fail-  
6 ure in the country in which the project is ear-  
7 ried out.

8 (B) The project would not have proceeded  
9 or would have been substantially delayed with-  
10 out the support.

11 (C) The support will meaningfully con-  
12 tribute to transforming local conditions to pro-  
13 mote the development of markets.

14 (D) The support can be shown to be  
15 aligned with commercial partner incentives.

16 (E) The support can be shown to have sig-  
17 nificant developmental impact and will con-  
18 tribute to long-term commercial sustainability.

19 (F) The support furthers the policy of the  
20 United States described in section 101.

21 (4) LIMITATIONS ON EQUITY INVESTMENTS.—

22 (A) PER PROJECT LIMIT.—The aggregate  
23 amount of support provided under this sub-  
24 section with respect to any project shall not ex-  
25 ceed 30 percent of the aggregate amount of all



1 equity investment made from any source to the  
2 project at the time that the Corporation ap-  
3 proves support of the project.

4 (B) TOTAL LIMIT.—Support provided pur-  
5 suant to this subsection shall be limited to not  
6 more than 35 percent of the Corporation’s ag-  
7 gregate exposure on the date that such support  
8 is provided.

9 (5) SALES AND LIQUIDATION OF POSITION.—  
10 The Corporation shall seek to sell and liquidate any  
11 support for a project provided under this subsection  
12 as soon as commercially feasible, commensurate with  
13 other similar investors in the project and taking into  
14 consideration the national security interests of the  
15 United States.

16 (6) TIMETABLE.—The Corporation shall create  
17 a project-specific timetable for support provided  
18 under paragraph (1).

19 (d) INSURANCE AND REINSURANCE.—The Corpora-  
20 tion may issue insurance or reinsurance, upon such terms  
21 and conditions as the Corporation may determine, to pri-  
22 vate sector entities and qualifying sovereign entities assur-  
23 ing protection of their investments in whole or in part  
24 against any or all political risks such as currency incon-  
25 vertibility and transfer restrictions, expropriation, war,

1 terrorism, and civil disturbance, breach of contract, or  
2 non-honoring of financial obligations.

3 (e) PROMOTION OF AND SUPPORT FOR PRIVATE IN-  
4 VESTMENT OPPORTUNITIES.—

5 (1) IN GENERAL.—In order to carry out the  
6 purposes of the Corporation described in section  
7 102(b), the Corporation may initiate and support,  
8 through financial participation, incentive grant, or  
9 otherwise, and on such terms and conditions as the  
10 Corporation may determine, feasibility studies for  
11 the planning, development, and management of, and  
12 procurement for, potential bilateral and multilateral  
13 development projects eligible for support under this  
14 title, including training activities undertaken in con-  
15 nection with such projects, for the purpose of pro-  
16 moting investment in such projects and the identi-  
17 fication, assessment, surveying, and promotion of  
18 private investment opportunities, utilizing wherever  
19 feasible and effective, the facilities of private inves-  
20 tors.

21 (2) CONTRIBUTIONS TO COSTS.—The Corpora-  
22 tion shall, to the maximum extent practicable, re-  
23 quire any person receiving funds under the authori-  
24 ties of this subsection to—

1           (A) share the costs of feasibility studies  
2           and other project planning services funded  
3           under this subsection; and

4           (B) reimburse the Corporation those funds  
5           provided under this section, if the person suc-  
6           ceeds in project implementation.

7           (f) SPECIAL PROJECTS AND PROGRAMS.—The Cor-  
8           poration may administer and manage special projects and  
9           programs in support of specific transactions undertaken  
10          by the Corporation, including programs of financial and  
11          advisory support that provide private technical, profes-  
12          sional, or managerial assistance in the development of  
13          human resources, skills, technology, capital savings, and  
14          intermediate financial and investment institutions and co-  
15          operatives and including the initiation of incentives,  
16          grants, and studies for renewable energy, microenterprise  
17          households, and other small business activities.

18          (g) ENTERPRISE FUNDS.—

19               (1) IN GENERAL.—The Corporation may estab-  
20               lish and operate enterprise funds in accordance with  
21               this subsection.

22               (2) PROCEDURES AND REQUIREMENTS.—The  
23               provisions of section 201 of the Support for East  
24               European Democracy (SEED) Act of 1989 (22  
25               U.S.C. 5421) (other than the provisions of sub-

1 sections (a), (b), (c), (d)(1), (d)(3), (e), (f), and (j)  
2 of that section), shall be deemed to apply with re-  
3 spect to any enterprise fund established by the Cor-  
4 poration under this subsection and to funds made  
5 available to any such enterprise fund in the same  
6 manner and to the same extent as such provisions  
7 apply with respect to enterprise funds established  
8 pursuant to such section 201 or to funds made avail-  
9 able to enterprise funds established under that sec-  
10 tion.

11 (3) PURPOSES FOR WHICH SUPPORT MAY BE  
12 PROVIDED.—The Corporation, subject to the ap-  
13 proval of the Board, may designate private, non-  
14 profit organizations as eligible to receive support  
15 under this subsection for the following purposes:

16 (A) To promote development of economic  
17 freedom and private sectors, including small-  
18 and medium-sized enterprises and joint ven-  
19 tures with the United States and host country  
20 participants.

21 (B) To facilitate access to the credit to  
22 small- and medium-sized enterprises with sound  
23 business plans in countries where there is lim-  
24 ited means of accessing credit on market terms.

1           (C) To promote policies and practices con-  
2           ducive to economic freedom and private sector  
3           development.

4           (D) To attract foreign direct investment  
5           capital to further promote private sector devel-  
6           opment and economic freedom.

7           (E) To complement the work of the United  
8           States Agency for International Development  
9           and other donors to improve the overall busi-  
10          ness-enabling environment, financing the cre-  
11          ation and expansion of the private business sec-  
12          tor.

13          (F) To make financially sustainable invest-  
14          ments designed to generate measurable social  
15          benefits and build technical capacity in addition  
16          to financial returns.

17          (4) OPERATION OF FUNDS.—

18                 (A) EXPENDITURES.—Funds made avail-  
19                 able to an enterprise fund shall be expended at  
20                 the minimum rate necessary to make timely  
21                 payments for projects and activities carried out  
22                 under this subsection.

23                 (B) ADMINISTRATIVE EXPENSES.—Not  
24                 more than 3 percent of the funds made avail-  
25                 able to an enterprise fund may be obligated or

1           expended for the administrative expenses of the  
2           enterprise fund.

3           (5) BOARD OF DIRECTORS.—Each enterprise  
4           fund established under this subsection should be  
5           governed by a Board of Directors comprised of pri-  
6           vate citizens of the United States or the host coun-  
7           try, who—

8                   (A) shall be appointed by the President  
9                   after consultation with the chairmen and rank-  
10                  ing members of the appropriate congressional  
11                  committees; and

12                  (B) have pursued careers in international  
13                  business and have demonstrated expertise in  
14                  international and emerging market investment  
15                  activities.

16           (6) MAJORITY MEMBER REQUIREMENT.—The  
17           majority of the members of the Board of Directors  
18           shall be United States citizens who shall have rel-  
19           evant experience relating to the purposes described  
20           in paragraph (3).

21           (7) REPORTS.—Not later than one year after  
22           the date of the establishment of an enterprise fund  
23           under this subsection, and annually thereafter until  
24           the enterprise fund terminates in accordance with

1 paragraph (10), the Board of Directors of the enter-  
2 prise fund shall—

3 (A) submit to the appropriate congress-  
4 sional committees a report—

5 (i) detailing the administrative ex-  
6 penses of the enterprise fund during the  
7 year preceding the submission of the re-  
8 port;

9 (ii) describing the operations, activi-  
10 ties, engagement with civil society and rel-  
11 evant local private sector entities, develop-  
12 ment objectives and outcomes, financial  
13 condition, and accomplishments of the en-  
14 terprise fund during that year;

15 (iii) describing the results of the audit  
16 conducted under paragraph (8) during that  
17 year; and

18 (iv) describing how audits conducted  
19 under paragraph (8) are informing the op-  
20 erations and activities of the enterprise  
21 fund; and

22 (B) publish, on a publicly available inter-  
23 net website of the enterprise fund, each report  
24 required by subparagraph (A).

25 (8) OVERSIGHT.—

1 (A) INSPECTOR GENERAL PERFORMANCE  
2 AUDITS.—

3 (i) IN GENERAL.—The Inspector Gen-  
4 eral of the Corporation shall conduct peri-  
5 odic audits of the activities of each enter-  
6 prise fund established under this sub-  
7 section.

8 (ii) CONSIDERATION.—In conducting  
9 an audit under clause (i), the Inspector  
10 General shall assess whether the activities  
11 of the enterprise fund—

12 (I) support the purposes de-  
13 scribed in paragraph (3);

14 (II) result in profitable private  
15 sector investing; and

16 (III) generate measurable social  
17 benefits.

18 (B) RECORDKEEPING REQUIREMENTS.—  
19 The Corporation shall ensure that each enter-  
20 prise fund receiving support under this sub-  
21 section—

22 (i) keeps separate accounts with re-  
23 spect to such support; and



1 (ii) maintains such records as may be  
2 reasonably necessary to facilitate effective  
3 audits under this paragraph.

4 (9) RETURN OF FUNDS TO TREASURY.—Any  
5 funds resulting from any liquidation, dissolution, or  
6 winding up of an enterprise fund, in whole or in  
7 part, shall be returned to the Treasury of the United  
8 States.

9 (10) TERMINATION.—The authority of an en-  
10 terprise fund to provide support under this sub-  
11 section shall terminate on the earlier of—

12 (A) the date that is 7 years after the date  
13 of the first expenditure of amounts from the en-  
14 terprise fund; or

15 (B) the date on which the enterprise fund  
16 is liquidated.

17 **SEC. 202. TERMS AND CONDITIONS.**

18 (a) IN GENERAL.—Except as provided in subsection  
19 (b), support provided by the Corporation under this title  
20 shall be on such terms and conditions as the Corporation  
21 may prescribe.

22 (b) REQUIREMENTS.—The following requirements  
23 apply to support provided by the Corporation under this  
24 title:

1           (1) The Corporation shall provide support using  
2 authorities under this title only if it is necessary—

3                   (A) to alleviate a credit market imperfec-  
4 tion; or

5                   (B) to achieve specified development or  
6 foreign policy objectives of the United States  
7 Government by providing support in the most  
8 efficient way to meet those objectives on a case-  
9 by-case basis.

10          (2) The final maturity of a loan made or guar-  
11 anteed by the Corporation shall not exceed the lesser  
12 of—

13                   (A) 25 years; or

14                   (B) debt servicing capabilities of the  
15 project to be financed by the loan (as deter-  
16 mined by the Corporation).

17          (3) The Corporation shall, with respect to pro-  
18 viding any loan guaranty to a project, require the  
19 parties to the loan guaranteed by the Corporation to  
20 bear the risk of loss for at least 20 percent of the  
21 guaranteed support by the Corporation in the  
22 project.

23          (4) The Corporation may not make or guar-  
24 antee a loan unless the Corporation determines that  
25 the borrower or lender is responsible and that ade-

1       quate provision is made for servicing the loan on  
2       reasonable terms and protecting the financial inter-  
3       est of the United States.

4               (5) The interest rate for direct loans and inter-  
5       est supplements on guaranteed loans shall be set by  
6       reference to a benchmark interest rate (yield) on  
7       marketable Treasury securities or other widely rec-  
8       ognized or appropriate benchmarks with a similar  
9       maturity to the loans being made or guaranteed, as  
10      determined in consultation with the Director of the  
11      Office of Management and Budget and the Secretary  
12      of the Treasury. The Corporation shall establish ap-  
13      propriate minimum interest rates for loans, guaran-  
14      tees, and other instruments as necessary.

15              (6) The minimum interest rate for new loans as  
16      established by the Corporation shall be adjusted pe-  
17      riodically to take account of changes in the interest  
18      rate of the benchmark financial instrument.

19              (7)(A) The Corporation shall set fees or pre-  
20      miums for support provided under this title at levels  
21      that minimize the cost to the Government while sup-  
22      porting achievement of the objectives of support.

23              (B) The Corporation shall review fees for loan  
24      guaranties periodically to ensure that the fees as-  
25      sessed on new loan guarantees are at a level suffi-

1       cient to cover the Corporation's most recent esti-  
2       mates of its costs.

3               (8) Any loan guaranty provided by the Corpora-  
4       tion shall be conclusive evidence that—

5                       (A) the guaranty has been properly ob-  
6       tained;

7                       (B) the loan qualified for the guaranty;  
8       and

9                       (C) but for fraud or material misrepresen-  
10       tation by the holder of the guaranty, the guar-  
11       anty is presumed to be valid, legal, and enforce-  
12       able.

13               (9) The Corporation shall prescribe explicit  
14       standards for use in periodically assessing the credit  
15       risk of new and existing direct loans or guaranteed  
16       loans.

17               (10) The Corporation may not make loans or  
18       loan guaranties except to the extent that budget au-  
19       thority to cover the costs of the loans or guaranties  
20       is provided in advance in an appropriations Act, as  
21       required by section 504 of the Federal Credit Re-  
22       form Act of 1990 (2 U.S.C. 661e).

23               (11) The Corporation shall rely upon specific  
24       standards to assess the developmental and strategic  
25       value of projects for which it provides support and

1 should only provide the minimum level of support  
2 necessary in order to support such projects.

3 (12) Any loan or loan guaranty made by the  
4 Corporation should be provided on a senior basis or  
5 pari passu with other senior debt unless there is a  
6 substantive policy rationale to provide such support  
7 otherwise.

8 **SEC. 203. PAYMENT OF LOSSES.**

9 (a) PAYMENTS FOR DEFAULTS ON GUARANTEED  
10 LOANS.—

11 (1) IN GENERAL.—If the Corporation deter-  
12 mines that the holder of a loan guaranteed by the  
13 Corporation suffers a loss as a result of a default by  
14 a borrower on the loan, the Corporation shall pay to  
15 the holder the percent of the loss, as specified in the  
16 guaranty contract after the holder of the loan has  
17 made such further collection efforts and instituted  
18 such enforcement proceedings as the Corporation  
19 may require.

20 (2) SUBROGATION.—Upon making a payment  
21 described in paragraph (1), the Corporation shall en-  
22 sure the Corporation will be subrogated to all the  
23 rights of the recipient of the payment.

24 (3) RECOVERY EFFORTS.—The Corporation  
25 shall pursue recovery from the borrower of the

1 amount of any payment made under paragraph (1)  
2 with respect to the loan.

3 (b) LIMITATION ON PAYMENTS.—

4 (1) IN GENERAL.—Except as provided by para-  
5 graph (2), compensation for insurance, reinsurance,  
6 or a guaranty issued under this title shall not exceed  
7 the dollar value of the tangible or intangible con-  
8 tributions or commitments made in the project, plus  
9 interest, earnings, or profits actually accrued on  
10 such contributions or commitments, to the extent  
11 provided by such insurance, reinsurance, or guar-  
12 anty.

13 (2) EXCEPTION.—

14 (A) IN GENERAL.—The Corporation may  
15 provide that—

16 (i) appropriate adjustments in the in-  
17 sured dollar value be made to reflect the  
18 replacement cost of project assets; and

19 (ii) compensation for a claim of loss  
20 under insurance of an equity investment  
21 under section 201(b) may be computed on  
22 the basis of the net book value attributable  
23 to the equity investment on the date of  
24 loss.

25 (3) ADDITIONAL LIMITATION.—

1           (A) IN GENERAL.—Notwithstanding para-  
2           graph (2)(A)(ii) and except as provided in sub-  
3           paragraph (B), the Corporation shall limit the  
4           amount of direct insurance and reinsurance  
5           issued under section 201 with respect to a  
6           project so as to require that the insured and its  
7           affiliates bear the risk of loss for at least 10  
8           percent of the amount of the Corporation's ex-  
9           posure to that insured and its affiliates in the  
10          project.

11          (B) EXCEPTION.—The limitation under  
12          subparagraph (A) shall not apply to direct in-  
13          surance or reinsurance of loans provided by  
14          banks or other financial institutions to unre-  
15          lated parties.

16          (c) ACTIONS BY ATTORNEY GENERAL.—The Attor-  
17          ney General shall take such action as may be appropriate  
18          to enforce any right accruing to the United States as a  
19          result of the issuance of any loan or guarantee under this  
20          title.

21          (d) RULE OF CONSTRUCTION.—Nothing in this sec-  
22          tion shall be construed to preclude any forbearance for the  
23          benefit of a borrower that may be agreed upon by the par-  
24          ties to a loan guaranteed by the Corporation if budget au-  
25          thority for any resulting costs to the United States Gov-

1 ernment (as defined in section 502 of the Federal Credit  
2 Reform Act of 1990 (2 U.S.C. 661a)) is available.

3 **SEC. 204. TERMINATION.**

4 (a) **IN GENERAL.**—The authorities provided under  
5 this title terminate on the date that is 7 years after the  
6 date of the enactment of this Act.

7 (b) **TERMINATION OF CORPORATION.**—The Corpora-  
8 tion shall terminate on the date on which the portfolio of  
9 the Corporation is liquidated.

10 **TITLE III—ADMINISTRATIVE**  
11 **AND GENERAL PROVISIONS**

12 **SEC. 301. OPERATIONS.**

13 (a) **BILATERAL AGREEMENTS.**—The Corporation  
14 may provide support under title II in connection with  
15 projects in any country the government of which has en-  
16 tered into an agreement with the United States author-  
17 izing the Corporation to provide such support in that  
18 country.

19 (b) **CLAIMS SETTLEMENT.**—

20 (1) **IN GENERAL.**—Claims arising as a result of  
21 support provided under title II or under predecessor  
22 authority may be settled, and disputes arising as a  
23 result thereof may be arbitrated with the consent of  
24 the parties, on such terms and conditions as the  
25 Corporation may determine.



1           (2) SETTLEMENTS CONCLUSIVE.—Payment  
2           made pursuant to any settlement pursuant to para-  
3           graph (1), or as a result of an arbitration award,  
4           shall be final and conclusive notwithstanding any  
5           other provision of law.

6           (c) PRESUMPTION OF COMPLIANCE.—Each contract  
7           executed by such officer or officers as may be designated  
8           by the Board shall be conclusively presumed to be issued  
9           in compliance with the requirements of this Act.

10          (d) ELECTRONIC PAYMENTS AND DOCUMENTS.—The  
11          Corporation shall implement policies to accept electronic  
12          documents and electronic payments in all of its programs.

13 **SEC. 302. CORPORATE POWERS.**

14          (a) IN GENERAL.—The Corporation—

15               (1) may adopt, alter, and use a seal, to include  
16               an identifiable symbol of the United States;

17               (2) may make and perform such contracts, in-  
18               cluding no-cost contracts (as defined by the Corpora-  
19               tion), grants, and other agreements notwithstanding  
20               division C of subtitle I of title 41, United States  
21               Code, with any person or government however des-  
22               ignated and wherever situated, as may be necessary  
23               for carrying out the functions of the Corporation;

24               (3) may lease, purchase, or otherwise acquire,  
25               improve, and use such real property wherever situ-

1 ated, as may be necessary for carrying out the func-  
2 tions of the Corporation;

3 (4) may accept cash gifts or donations of serv-  
4 ices or of property (real, personal, or mixed), tan-  
5 gible or intangible, for the purpose of carrying out  
6 the functions of the Corporation;

7 (5) may use the United States mails in the  
8 same manner and on the same conditions as the Ex-  
9 ecutive departments (as defined in section 101 of  
10 title 5, United States Code);

11 (6) may contract with individuals for personal  
12 services, who shall not be considered Federal em-  
13 ployees for any provision of law administered by the  
14 Director of the Office of Personnel Management;

15 (7) may hire or obtain passenger motor vehi-  
16 cles;

17 (8) may sue and be sued in its corporate name;

18 (9) may acquire, hold, or dispose of, upon such  
19 terms and conditions as the Corporation may deter-  
20 mine, any property, real, personal, or mixed, tan-  
21 gible or intangible, or any interest in such property;

22 (10) may lease office space for the Corpora-  
23 tion's own use, the obligation of amounts for such  
24 lease is limited to the current fiscal year for which  
25 payments are due until the expiration of the current

1 lease of the predecessor authority, as of the day be-  
2 fore the date of the enactment of this Act;

3 (11) may indemnify directors, officers, employ-  
4 ees, and agents of the Corporation for liabilities and  
5 expenses incurred in connection with their activities  
6 on behalf of the Corporation;

7 (12) notwithstanding any other provision of  
8 law, may represent itself or contract for representa-  
9 tion in all legal and arbitral proceedings;

10 (13) may exercise any priority of the Govern-  
11 ment of the United States in collecting debts from  
12 bankrupt, insolvent, or decedents' estates;

13 (14) may collect, notwithstanding section  
14 3711(g)(1) of title 31, United States Code, or com-  
15 promise any obligations assigned to or held by the  
16 Corporation, including any legal or equitable rights  
17 accruing to the Corporation;

18 (15) may make arrangements with foreign gov-  
19 ernments (including agencies, instrumentalities, or  
20 political subdivisions of such governments) or with  
21 multilateral organizations or institutions for sharing  
22 liabilities;

23 (16) may sell direct investments of the Corpora-  
24 tion to private investors upon such terms and condi-  
25 tions as the Corporation may determine; and

1           (17) shall have such other powers as may be  
2           necessary and incident to carrying out the functions  
3           of the Corporation.

4           (b) TREATMENT OF PROPERTY.—Notwithstanding  
5           any other provision of law relating to the acquisition, han-  
6           dling, or disposal of property by the United States, the  
7           Corporation shall have the right in its discretion to com-  
8           plete, recondition, reconstruct, renovate, repair, maintain,  
9           operate, or sell any property acquired by the Corporation  
10          pursuant to the provisions of this Act.

11   **SEC. 303. MAXIMUM CONTINGENT LIABILITY.**

12          (a) IN GENERAL.—The maximum contingent liability  
13          of the Corporation outstanding at any one time shall not  
14          exceed in the aggregate the amount specified in subsection  
15          (b).

16          (b) AMOUNT SPECIFIED.—

17               (1) INITIAL 5-YEAR PERIOD.—The amount  
18               specified in this subsection for the 5-year period be-  
19               ginning on the date of the enactment of this Act, is  
20               \$60,000,000,000.

21               (2) SUBSEQUENT 5-YEAR PERIODS.—Not later  
22               than 5 years after the date of the enactment of this  
23               Act, and not less frequently than every 5 years  
24               thereafter, the amount specified in paragraph (1)  
25               shall be adjusted to reflect the percentage of the in-

1       crease (if any) in the average of the Consumer Price  
2       Index during the preceding 5-year period.

3           (3) CONSUMER PRICE INDEX DEFINED.—In  
4       this subsection, the term “Consumer Price Index”  
5       means the most recent Consumer Price Index for All  
6       Urban Consumers published by the Bureau of Labor  
7       Statistics of the Department of Labor.

8       **SEC. 304. CORPORATE FUNDS.**

9           (a) CORPORATE CAPITAL ACCOUNT.—There is estab-  
10       lished in the Treasury of the United States a fund to be  
11       known as the “Corporate Capital Account” to carry out  
12       the purposes of the Corporation.

13          (b) FUNDING.—The Corporate Capital Account shall  
14       consist of—

15           (1) fees charged and collected pursuant to sub-  
16       section (c);

17           (2) any amounts received pursuant to sub-  
18       section (c);

19           (3) investments and returns on such invest-  
20       ments pursuant to subsection (g);

21           (4) unexpended balances transferred to the Cor-  
22       poration pursuant to subsection (h);

23           (5) payments received in connection with settle-  
24       ments of all insurance and reinsurance claims of the  
25       Corporation; and

1           (6) all other collections transferred to or earned  
2       by the Corporation, excluding the cost, as defined in  
3       section 502 of the Federal Credit Reform Act of  
4       1990, of loans and loan guarantees.

5       (c) COLLECTIONS.—Fees may be charged and col-  
6       lected for providing services in amounts to be determined  
7       by the Corporation as provided in advance in appropria-  
8       tions Acts.

9       (d) USES.—

10           (1) IN GENERAL.—Subject to Acts making ap-  
11       propriations, the Corporation is authorized to pay—

12                (A) the cost, as defined in section 502 of  
13       the Federal Credit Reform Act of 1990, of  
14       loans and loan guarantees;

15                (B) administrative expenses of the Cor-  
16       poration; and

17                (C) for the cost of providing support au-  
18       thorized by subsections (c), (e), (f), and (g) of  
19       section 201.

20           (2) INCOME AND REVENUE.—In order to carry  
21       out the purposes of the Corporation, all collections  
22       transferred to or earned by the Corporation, exclud-  
23       ing the cost, as defined in section 502 of the Federal  
24       Credit Reform Act of 1990, of loans and loan guar-  
25       antees, shall be deposited into the Corporate Capital

1 Account and shall be available to carry out its pur-  
2 pose, including without limitation—

3 (A) payment of all insurance and reinsur-  
4 ance claims of the Corporation;

5 (B) repayments to the Treasury of  
6 amounts borrowed under subsection (e);

7 (C) dividend payments to the Treasury  
8 under subsection (f); and

9 (D) project-specific transaction costs.

10 (e) FULL FAITH AND CREDIT.—

11 (1) IN GENERAL.—All support provided pursu-  
12 ant to predecessor authorities or title II shall con-  
13 tinue to constitute obligations of the United States,  
14 and the full faith and credit of the United States is  
15 hereby pledged for the full payment and perform-  
16 ance of such obligations.

17 (2) AUTHORITY TO BORROW.—The Corporation  
18 is authorized to borrow from the Treasury such  
19 sums as may be necessary to fulfill such obligations  
20 of the United States and any such borrowing shall  
21 be at a rate determined by the Secretary of the  
22 Treasury, taking into consideration the current aver-  
23 age market yields on outstanding marketable obliga-  
24 tions of the United States of comparable maturities,  
25 for a period jointly determined by the Corporation

1 and the Secretary, and subject to such terms and  
2 conditions as the Secretary may require.

3 (f) DIVIDENDS.—The Board, in consultation with the  
4 Director of the Office of Management and Budget, shall  
5 annually assess a dividend payment to the Treasury if the  
6 Corporation's insurance portfolio is more than 100 per-  
7 cent reserved.

8 (g) INVESTMENT AUTHORITY.—

9 (1) IN GENERAL.—The Corporation may re-  
10 quest the Secretary of the Treasury to invest such  
11 portion of the Corporate Capital Account as is not,  
12 in the Corporation's judgement, required to meet the  
13 current needs of the Corporate Capital Account.

14 (2) FORM OF INVESTMENTS.—Such invest-  
15 ments shall be made by the Secretary of the Treas-  
16 ury in public debt obligations, with maturities suit-  
17 able to the needs of the Corporate Capital Account,  
18 as determined by the Corporation, and bearing inter-  
19 est at rates determined by the Secretary, taking into  
20 consideration current market yields on outstanding  
21 marketable obligations of the United States of com-  
22 parable maturities.

23 (h) TRANSFER FROM PREDECESSOR AGENCIES AND  
24 PROGRAMS.—By the date end of the transition period de-  
25 scribed in title VI, the unexpended balances, assets, and



1 responsibilities of any agency specified in the plan re-  
2 quired by section 602 shall be transferred to the Corpora-  
3 tion.

4 (i) TRANSFER OF FUNDS.—In order to carry out this  
5 Act, funds authorized to be appropriated to carry out the  
6 Foreign Assistance Act of 1961 may be transferred to the  
7 Corporation and funds authorized appropriated to the  
8 Corporation may be transferred to the Department of  
9 State and the United States Agency for International De-  
10 velopment.

11 (j) DEFINITION.—In this section, the term “project-  
12 specific transaction costs”—

13 (1) means those costs incurred by the Corpora-  
14 tion for travel, legal expenses, and direct and indi-  
15 rect costs incurred in claims settlements associated  
16 with the provision of support under title II and shall  
17 not be considered administrative expenses for the  
18 purposes of this section; and

19 (2) does not include information technology (as  
20 such term is defined in section 11101 of title 40,  
21 United States Code).

22 **SEC. 305. COORDINATION WITH OTHER DEVELOPMENT**  
23 **AGENCIES.**

24 It is the sense of Congress that the Corporation  
25 should use relevant data of the Department of State, Mil-

1 lennium Challenge Corporation, United States Agency for  
2 International Development, and other departments and  
3 agencies that have development functions to better inform  
4 the decisions of the Corporation with respect to providing  
5 support under title II.

6 **TITLE IV—MONITORING,**  
7 **EVALUATION, AND REPORTING**

8 **SEC. 401. ESTABLISHMENT OF RISK AND AUDIT COMMIT-**  
9 **TEES.**

10 (a) IN GENERAL.—To assist the Board to fulfill its  
11 duties and responsibilities under section 201(a), the Cor-  
12 poration shall establish a risk committee and an audit  
13 committee.

14 (b) DUTIES AND RESPONSIBILITIES OF RISK COM-  
15 MITTEE.—Subject to the direction of the Board, the risk  
16 committee established under subsection (a) shall have  
17 oversight responsibility of—

18 (1) formulating risk management policies of the  
19 operations of the Corporation;

20 (2) reviewing and providing guidance on oper-  
21 ation of the Corporation's global risk management  
22 framework;

23 (3) developing policies for enterprise risk man-  
24 agement, monitoring, and management of strategic,

1 reputational, regulatory, operational, and financial  
2 risks; and

3 (4) developing the risk profile of the Corpora-  
4 tion, including a risk management and compliance  
5 framework and governance structure to support such  
6 framework.

7 (e) DUTIES AND RESPONSIBILITIES OF AUDIT COM-  
8 MITTEE.—Subject to the direction of the Board, the audit  
9 committee established under subsection (a) shall have the  
10 oversight responsibility of—

11 (1) the integrity of the Corporation’s financial  
12 reporting and systems of internal controls regarding  
13 finance and accounting;

14 (2) the integrity of the Corporation’s financial  
15 statements;

16 (3) the performance of the Corporation’s inter-  
17 nal audit function; and

18 (4) compliance with legal and regulatory re-  
19 quirements related to the finances of the Corpora-  
20 tion.

21 **SEC. 402. PERFORMANCE MEASURES.**

22 (a) IN GENERAL.—The Corporation shall develop a  
23 performance measurement system to evaluate and monitor  
24 projects supported by the Corporation under title II and  
25 to guide future projects of the Corporation.

1 (b) CONSIDERATIONS.—In developing the perform-  
2 ance measurement system required by subsection (a), the  
3 Corporation shall—

4 (1) develop a successor for the development im-  
5 pact measurement system of the Overseas Private  
6 Investment Corporation (as such system was in ef-  
7 fect on the day before the date of enactment of this  
8 Act);

9 (2) develop a mechanism for ensuring that sup-  
10 port provided by the Corporation under title II is in  
11 addition to private investment; and

12 (3) develop standards for, and a method for en-  
13 suring, appropriate financial performance of the  
14 Corporation's portfolio.

15 (c) PUBLIC AVAILABILITY OF CERTAIN INFORMA-  
16 TION.—The Corporation shall make available to the public  
17 on a regular basis information about support provided by  
18 the Corporation under title II and performance metrics  
19 about such support on a country-by-country basis.

20 (d) COLLABORATION.—In developing the perform-  
21 ance measurement system required by subsection (a), the  
22 Corporation shall consult with stakeholders and other in-  
23 terested parties engaged in sustainable economic growth  
24 and development.

1 **SEC. 403. ANNUAL REPORT.**

2 (a) **IN GENERAL.**—After the end of each fiscal year,  
3 the Corporation shall submit to the appropriate congres-  
4 sional committees a complete and detailed report of its op-  
5 erations during that fiscal year, including an assessment  
6 of—

7 (1) the economic and social development impact  
8 and benefits of projects supported by the Corpora-  
9 tion under title II;

10 (2) the extent to which the operations of the  
11 Corporation complement or are compatible with the  
12 development assistance programs of the United  
13 States and qualifying sovereign entities; and

14 (3) the Corporation's institutional linkages with  
15 other relevant United States Government depart-  
16 ment and agencies, including efforts to strengthen  
17 such linkages.

18 (b) **ELEMENTS.**—Each annual report required by  
19 subsection (a) shall include projections of the effects of  
20 projects supported by the Corporation under title II, in-  
21 cluding—

22 (1) reviews and analysis of—

23 (A) the desired development and whether  
24 or not the Corporation is meeting the associated  
25 metrics, goals, and development objectives, in-

1 including, to the extent practicable, in the years  
2 after conclusion of projects; and

3 (B) the effect of the Corporation's support  
4 on access to capital and ways in which the Cor-  
5 poration is addressing identifiable market gaps  
6 or inefficiencies and what impact, if any, such  
7 support has on access to credit for a specific  
8 project, country, or sector;

9 (2) an explanation of any partnership arrange-  
10 ment or cooperation with a qualifying sovereign enti-  
11 ty in support of each project;

12 (3) projections of—

13 (A) development outcomes, and whether or  
14 not support for projects are meeting the associ-  
15 ated performance measures, both during the  
16 start-up phase and over the duration of the  
17 support; and

18 (B) the amount of private sector assets  
19 brought to bear relative to the amount of sup-  
20 port provided by the Corporation and any other  
21 public sector support; and

22 (4) an assessment of the extent to which lessons  
23 learned from the monitoring and evaluation activities  
24 of the Corporation, and from annual reports from

1 previous years compiled by the Corporation, have  
2 been applied to projects.

3 **SEC. 404. PUBLICLY AVAILABLE PROJECT INFORMATION.**

4 The Corporation shall—

5 (1) maintain a user-friendly, publicly available,  
6 machine-readable database with detailed country-  
7 level information, including a description of the sup-  
8 port provided by the Corporation under title II; and

9 (2) include a clear link to information about  
10 each project supported by the Corporation under  
11 title II on the internet website of the Department of  
12 State, “ForeignAssistance.gov”, or a successor  
13 website or other online publication.

14 **SEC. 405. ENGAGEMENT WITH INVESTORS.**

15 (a) IN GENERAL.—The Corporation, acting through  
16 the Chief Development Officer, shall, in cooperation with  
17 the Administrator of the United States Agency for Inter-  
18 national Development—

19 (1) develop a strategic relationship with private  
20 sector entities focused at the nexus of business op-  
21 portunities and development priorities;

22 (2) engage such entities and reduce business  
23 risks primarily through direct transaction support  
24 and facilitating investment partnerships;

1           (3) develop and support tools, approaches, and  
2 intermediaries that can mobilize private finance at  
3 scale in the developing world;

4           (4) pursue projects of all sizes, especially those  
5 that are small but designed for work in the most un-  
6 derdeveloped areas, including countries with chronic  
7 suffering as a result of extreme poverty, fragile insti-  
8 tutions, or a history of violence; and

9           (5) pursue projects consistent with the policy of  
10 the United States described in section 101 and the  
11 Joint Strategic Plan and the Mission Country Devel-  
12 opment Cooperation Strategies of the United States  
13 Agency for International Development.

14       (b) ASSISTANCE.—To achieve the goals described in  
15 subsection (a), the Corporation shall—

16           (1) develop risk mitigation tools;

17           (2) provide transaction structuring support for  
18 blended finance models;

19           (3) support intermediaries linking capital sup-  
20 ply and demand;

21           (4) coordinate with other Federal agencies to  
22 support or accelerate transactions;

23           (5) convene financial, donor, civil society, and  
24 public sector partners around opportunities for pri-  
25 vate finance within development priorities;



1           (6) offer strategic planning and programming  
2 assistance to catalyze investment into priority sec-  
3 tors;

4           (7) provide transaction structuring support;

5           (8) deliver training and knowledge management  
6 tools for engaging private investors;

7           (9) partner with private sector entities that pro-  
8 vide access to capital and expertise; and

9           (10) identify and screen new investment part-  
10 ners.

11       (c) TECHNICAL ASSISTANCE.—The Corporation shall  
12 coordinate with the United States Agency for Inter-  
13 national Development and other agencies and depart-  
14 ments, as necessary, on projects and programs supported  
15 by the Corporation that include technical assistance.

## 16 **TITLE V—CONDITIONS, RESTRIC-** 17 **TIONS, AND PROHIBITIONS**

### 18 **SEC. 501. LIMITATIONS AND PREFERENCES.**

19       (a) LIMITATION ON SUPPORT FOR SINGLE ENTI-  
20 TY.—No entity receiving support from the Corporation  
21 under title II may receive more than an amount equal to  
22 5 percent of the Corporation's maximum contingent liabil-  
23 ity authorized under section 303.

24       (b) PREFERENCE FOR SUPPORT FOR PROJECTS  
25 SPONSORED BY UNITED STATES PERSONS.—

1           (1) IN GENERAL.—The Corporation should give  
2 preferential consideration to projects sponsored by  
3 or involving private sector entities that are United  
4 States persons.

5           (2) UNITED STATES PERSON DEFINED.—In this  
6 subsection, the term “United States person”  
7 means—

8                   (A) a United States citizen; or

9                   (B) an entity significantly beneficially  
10 owned by individuals described in subparagraph  
11 (A).

12           (c) PREFERENCE FOR SUPPORT IN COUNTRIES IN  
13 COMPLIANCE WITH INTERNATIONAL TRADE OBLIGA-  
14 TIONS.—

15           (1) CONSULTATIONS WITH UNITED STATES  
16 TRADE REPRESENTATIVE.—Not less frequently than  
17 annually, the Corporation shall consult with the  
18 United States Trade Representative with respect to  
19 the status of countries eligible to receive support  
20 from the Corporation under title II and the compli-  
21 ance of those countries with their international trade  
22 obligations.

23           (2) PREFERENTIAL CONSIDERATION.—The Cor-  
24 poration shall give preferential consideration to pro-  
25 viding support under title II for projects in countries

1 in compliance with or making substantial progress  
2 coming into compliance with their international  
3 trade obligations.

4 (d) WORKER RIGHTS.—

5 (1) IN GENERAL.—The Corporation should sup-  
6 port projects under title II in countries that are tak-  
7 ing steps to adopt and implement laws that extend  
8 internationally recognized worker rights (as defined  
9 in section 507 of the Trade Act of 1974 (19 U.S.C.  
10 2467)) to workers in that country, including any  
11 designated zone in that country.

12 (2) REQUIRED CONTRACT LANGUAGE.—The  
13 Corporation shall also include the following lan-  
14 guage, in substantially the following form, in all con-  
15 tracts which the Corporation enters into with eligible  
16 investors to provide support under title II: “The in-  
17 vestor agrees not to take actions to prevent employ-  
18 ees of the foreign enterprise from lawfully exercising  
19 their right of association and their right to organize  
20 and bargain collectively. The investor further agrees  
21 to observe applicable laws relating to a minimum age  
22 for employment of children, acceptable conditions of  
23 work with respect to minimum wages, hours of work,  
24 and occupational health and safety, and not to use  
25 forced labor or the worst forms of child labor (as de-

1 fined in section 507 of the Trade Act of 1974 (19  
2 U.S.C. 2467(6)). The investor is not responsible  
3 under this paragraph for the actions of a foreign  
4 government.”.

5 (e) ENVIRONMENTAL AND SOCIAL IMPACT.—The  
6 Board shall not vote in favor of any project proposed to  
7 be supported by the Corporation under title II that is like-  
8 ly to have significant adverse environmental or social im-  
9 pacts that are sensitive, diverse, or unprecedented, un-  
10 less—

11 (1) before the date of the vote, an environ-  
12 mental and social impact assessment or initial envi-  
13 ronmental and social audit, analyzing the environ-  
14 mental and social impacts of the proposed project  
15 and of alternatives to the proposed project, is com-  
16 pleted; and

17 (2) such assessment or audit has been made  
18 available to the public of the United States, locally  
19 affected groups in the country in which the project  
20 will be carried out, and nongovernmental organiza-  
21 tions in that country.

22 **SEC. 502. ADDITIONALITY AND AVOIDANCE OF MARKET**  
23 **DISTORTION.**

24 (a) IN GENERAL.—Before the Corporation provides  
25 support for a project under title II, the Corporation shall

1 ensure that private sector entities are afforded an oppor-  
2 tunity to support the project.

3 (b) SAFEGUARDS, POLICIES, AND GUIDELINES.—The  
4 Corporation shall develop appropriate safeguards, policies,  
5 and guidelines to ensure that support provided by the Cor-  
6 poration under title II—

7 (1) supplements and encourages, but does not  
8 compete with, private sector support;

9 (2) operates according to internationally recog-  
10 nized best practices and standards with respect to  
11 ensuring the avoidance of market distorting govern-  
12 ment subsidies and the crowding out of private sec-  
13 tor lending; and

14 (3) does not have a significant adverse impact  
15 on United States employment.

16 **SEC. 503. PROHIBITION ON SUPPORT IN SANCTIONED**  
17 **COUNTRIES AND WITH SANCTIONED PER-**  
18 **SONS.**

19 (a) IN GENERAL.—The Corporation is prohibited  
20 from providing support under title II in a country the gov-  
21 ernment of which the Secretary of State has determined  
22 has repeatedly provided support for acts of international  
23 terrorism for purposes of—

24 (1) section 6(j)(1)(A) of the Export Administra-  
25 tion Act of 1979 (50 U.S.C. 4605(j)(1)(A)) (as con-

1       timed in effect pursuant to the International Emer-  
2       gency Economic Powers Act (50 U.S.C. 1701 et  
3       seq.);

4             (2) section 620A(a) of the Foreign Assistance  
5       Act of 1961 (22 U.S.C. 2371(a));

6             (3) section 40(d) of the Arms Export Control  
7       Act (22 U.S.C. 2780(d)); or

8             (4) any other provision of law.

9       (b) PROHIBITION ON SUPPORT OF SANCTIONED PER-  
10       SONS.—The Corporation is prohibited from supporting a  
11       project under title II that directly benefits any entity sub-  
12       ject to sanctions imposed by the United States.

13       **SEC. 504. PENALTIES FOR MISREPRESENTATION, FRAUD,**  
14             **AND BRIBERY.**

15       Subsections (g), (l), and (n) of section 237 of the  
16       Foreign Assistance Act of 1961 (22 U.S.C. 2197) shall  
17       apply with respect to the Corporation to the same extent  
18       and in the same manner as such subsections applied with  
19       respect to the Overseas Private Investment Corporation  
20       on the day before the date of the enactment of this Act.

21             **TITLE VI—TRANSITIONAL**  
22             **PROVISIONS**

23       **SEC. 601. DEFINITIONS.**

24       In this title:

1 (1) AGENCY.—The term “agency” includes any  
2 entity, organizational unit, program, or function.

3 (2) TRANSITION PERIOD.—The term “transi-  
4 tion period” means the period—

5 (A) beginning on the date of the enactment  
6 of this Act; and

7 (B) ending on the effective date of the re-  
8 organization plan required by section 602(d).

9 **SEC. 602. REORGANIZATION PLAN.**

10 (a) SUBMISSION OF PLAN.—

11 (1) IN GENERAL.—Not later than 120 days  
12 after the date of the enactment of this Act, the  
13 President shall transmit to the appropriate congress-  
14 sional committees a reorganization plan regarding  
15 the following:

16 (A) The transfer of agencies, personnel,  
17 assets, and obligations to the Corporation pur-  
18 suant to this title.

19 (B) Any consolidation, reorganization, or  
20 streamlining of agencies transferred to the Cor-  
21 poration pursuant to this title.

22 (C) Any efficiencies or cost savings  
23 achieved as a result of the transfer of agencies,  
24 personnel, assets, and obligations to the Cor-  
25 poration pursuant to this title, including redue-

1           tions in unnecessary or duplicative operations,  
2           assets, and personnel.

3           (2) CONSULTATION.—Not later than 15 days  
4           before the date on which the plan is transmitted  
5           pursuant to this subsection, the President shall con-  
6           sult with the appropriate congressional committees  
7           on such plan.

8           (b) PLAN ELEMENTS.—The plan transmitted under  
9           subsection (a) shall contain, consistent with this Act, such  
10          elements as the President deems appropriate, including  
11          the following:

12           (1) Identification of any functions of agencies  
13           transferred to the Corporation pursuant to this title  
14           that will not be transferred to the Corporation under  
15           the plan.

16           (2) Specification of the steps to be taken to or-  
17           ganize the Corporation, including the delegation or  
18           assignment of functions transferred to the Corpora-  
19           tion among officers of the Corporation in order to  
20           permit the Corporation to carry out the functions  
21           transferred under the plan.

22           (3) Specification of the funds available to each  
23           agency that will be transferred to the Corporation as  
24           a result of transfers under the plan.



1           (4) Specification of the proposed allocations  
2       within the Corporation of unexpended funds trans-  
3       ferred in connection with transfers under the plan.

4           (5) Specification of any proposed disposition of  
5       property, facilities, contracts, records, and other as-  
6       sets and obligations of agencies transferred under  
7       the plan.

8       (c) MODIFICATION OF PLAN.—The President may,  
9       on the basis of consultations with the appropriate congres-  
10      sional committees, modify or revise any part of the plan  
11      until that part of the plan becomes effective in accordance  
12      with subsection (d).

13      (d) EFFECTIVE DATE.—

14           (1) IN GENERAL.—The reorganization plan de-  
15      scribed in this section, including any modifications  
16      or revisions of the plan under subsection (c), shall  
17      become effective for an agency on the date specified  
18      in the plan (or the plan as modified pursuant to sub-  
19      section (c)), except that such date may not be earlier  
20      than 90 days after the date the President has trans-  
21      mitted the reorganization plan to the appropriate  
22      congressional committees pursuant to subsection (a).

23           (2) STATUTORY CONSTRUCTION.—Nothing in  
24      this subsection may be construed to require the  
25      transfer of functions, personnel, records, balances of

1 appropriations, or other assets of an agency on a  
2 single date.

3 **SEC. 603. TRANSFER OF FUNCTIONS.**

4 (a) IN GENERAL.—Effective at the end of the transi-  
5 tion period, there shall be transferred to the Corporation  
6 the functions, personnel, assets, and liabilities of—

7 (1) the Overseas Private Investment Corpora-  
8 tion, as in existence on the day before the date of  
9 the enactment of this Act; and

10 (2) the following elements of the United States  
11 Agency for International Development:

12 (A) The Development Credit Authority.

13 (B) The existing Legacy Credit portfolio  
14 under the Urban Environment Program and  
15 any other direct loan programs and non-Devel-  
16 opment Credit Authority guarantee programs  
17 authorized by the Foreign Assistance Act of  
18 1961 (22 U.S.C. 2151 et seq.) or other prede-  
19 cessor Acts, as in existence on the date of the  
20 enactment of this Act, other than any sovereign  
21 loan guarantees.

22 (b) ADDITIONAL TRANSFER AUTHORITY.—Effective  
23 at the end of the transition period, there is authorized to  
24 be transferred to the Corporation the functions, personnel,

1 assets, and liabilities of the following elements of the  
2 United States Agency for International Development:

3 (1) The Office of Private Capital and Microen-  
4 terprise.

5 (2) The enterprise funds.

6 (c) SOVEREIGN LOAN GUARANTEE TRANSFER.—

7 (1) IN GENERAL.—Effective at the end of the  
8 transition period, there is authorized to be trans-  
9 ferred to the Corporation or any other appropriate  
10 department or agency of the United States Govern-  
11 ment the loan accounts and the legal rights and re-  
12 sponsibilities for the sovereign loan guarantee port-  
13 folio held by the United States Agency for Inter-  
14 national Development as in existence on the day be-  
15 fore the date of the enactment of this Act.

16 (2) INCLUSION IN REORGANIZATION PLAN.—

17 The President include in reorganization plan sub-  
18 mitted under section 602 a description of the trans-  
19 fer authorized under paragraph (1).

20 (d) BILATERAL AGREEMENTS.—Any bilateral agree-  
21 ment of the United States in effect on the date of the  
22 enactment of this Act that serves as the basis for pro-  
23 grams of the Overseas Private Investment Corporation  
24 and the Development Credit Authority shall be considered  
25 as satisfying the requirements of section 301(a).

1 (e) TRANSITION.—During the transition period, the  
2 agencies specified in subsection (a) shall—

3 (1) continue to administer the assets and obli-  
4 gations of those agencies; and

5 (2) carry out such programs and activities au-  
6 thorized under this Act as may be determined by the  
7 President.

8 **SEC. 604. TERMINATION OF OVERSEAS PRIVATE INVEST-**  
9 **MENT CORPORATION AND OTHER**  
10 **SUPERCEDED AUTHORITIES.**

11 Effective at the end of the transition period—

12 (1) the Overseas Private Investment Corpora-  
13 tion is terminated; and

14 (2) title IV of chapter 2 of part I of the For-  
15 eign Assistance Act of 1961 (22 U.S.C. 2191 et  
16 seq.) (other than subsections (g), (l), and (n) of sec-  
17 tion 237 of that Act) is repealed.

18 **SEC. 605. TRANSITIONAL AUTHORITIES.**

19 (a) PROVISION OF ASSISTANCE BY OFFICIALS.—  
20 Until the transfer of an agency to the Corporation under  
21 section 603, any official having authority over or functions  
22 relating to the agency immediately before the date of the  
23 enactment of this Act shall provide to the Corporation  
24 such assistance, including the use of personnel and assets,

1 as the Corporation may request in preparing for the trans-  
2 fer and integration of the agency into the Corporation.

3 (b) SERVICES AND PERSONNEL.—During the transi-  
4 tion period, upon the request of the Corporation, the head  
5 of any executive agency may, on a reimbursable or non-  
6 reimbursable basis, provide services or detail personnel to  
7 assist with the transition.

8 (c) ACTING OFFICIALS.—

9 (1) IN GENERAL.—During the transition pe-  
10 riod, pending the advice and consent of the Senate  
11 to the appointment of an officer required by this Act  
12 to be appointed by and with such advice and con-  
13 sent, the President may designate any officer whose  
14 appointment was required to be made by and with  
15 such advice and consent and who was such an officer  
16 immediately before the date of the enactment of this  
17 Act (and who continues in office) or immediately be-  
18 fore such designation, to act in such office until the  
19 same is filled as provided in this Act. While so act-  
20 ing, such officers shall receive compensation at the  
21 higher of—

22 (A) the rates provided by this Act for the  
23 respective offices in which they act; or

24 (B) the rates provided for the offices held  
25 at the time of designation.

1           (2) RULE OF CONSTRUCTION.—Nothing in this  
2 Act shall be construed to require the advice and con-  
3 sent of the Senate to the appointment by the Presi-  
4 dent to a position in the Corporation of any officer  
5 whose agency is transferred to the Corporation pur-  
6 suant to this title and whose duties following such  
7 transfer are germane to those performed before such  
8 transfer.

9           (d) TRANSFER OF PERSONNEL, ASSETS, OBLIGA-  
10 TIONS, AND FUNCTIONS.—Upon the transfer of an agency  
11 to the Corporation under section 603—

12           (1) the personnel, assets, and obligations held  
13 by or available in connection with the agency shall  
14 be transferred to the Corporation for appropriate al-  
15 location, subject to the approval of the Director of  
16 the Office of Management and Budget and in ac-  
17 cordance with section 1531(a)(2) of title 31, United  
18 States Code; and

19           (2) the Corporation shall have all functions—

20           (A) relating to the agency that any other  
21 official could by law exercise in relation to the  
22 agency immediately before such transfer; and

23           (B) vested in the Corporation by this Act  
24 or other law.

1 **SEC. 606. SAVINGS PROVISIONS.**

2 (a) COMPLETED ADMINISTRATIVE ACTIONS.—

3 (1) IN GENERAL.—Completed administrative  
4 actions of an agency shall not be affected by the en-  
5 actment of this Act or the transfer of such agency  
6 to the Corporation under section 603, but shall con-  
7 tinue in effect according to their terms until amend-  
8 ed, modified, superseded, terminated, set aside, or  
9 revoked in accordance with law by an officer of the  
10 United States or a court of competent jurisdiction,  
11 or by operation of law.

12 (2) COMPLETED ADMINISTRATIVE ACTION DE-  
13 FINED.—In this subsection, the term “completed ad-  
14 ministrative action” includes orders, determinations,  
15 rules, regulations, personnel actions, permits, agree-  
16 ments, grants, contracts, certificates, policies, li-  
17 censes, registrations, and privileges.

18 (b) PENDING PROCEEDINGS.—

19 (1) IN GENERAL.—Pending proceedings in an  
20 agency, including notices of proposed rulemaking,  
21 and applications for licenses, permits, certificates,  
22 grants, and financial assistance, shall continue not-  
23 withstanding the enactment of this Act or the trans-  
24 fer of the agency to the Corporation, unless discon-  
25 tinued or modified under the same terms and condi-  
26 tions and to the same extent that such discontinu-

1       ance could have occurred if such enactment or trans-  
2       fer had not occurred.

3           (2) ORDERS.—Orders issued in proceedings de-  
4       scribed in paragraph (1), and appeals therefrom,  
5       and payments made pursuant to such orders, shall  
6       issue in the same manner and on the same terms as  
7       if this Act had not been enacted or the agency had  
8       not been transferred, and any such orders shall con-  
9       tinue in effect until amended, modified, superseded,  
10      terminated, set aside, or revoked by an officer of the  
11      United States or a court of competent jurisdiction,  
12      or by operation of law.

13      (c) PENDING CIVIL ACTIONS.—Pending civil actions  
14      shall continue notwithstanding the enactment of this Act  
15      or the transfer of an agency to the Corporation, and in  
16      such civil actions, proceedings shall be had, appeals taken,  
17      and judgments rendered and enforced in the same manner  
18      and with the same effect as if such enactment or transfer  
19      had not occurred.

20      (d) REFERENCES.—References relating to an agency  
21      that is transferred to the Corporation under section 603  
22      in statutes, Executive orders, rules, regulations, directives,  
23      or delegations of authority that precede such transfer or  
24      the date of the enactment of this Act shall be deemed to  
25      refer, as appropriate, to the Corporation, to its officers,



1 employees, or agents, or to its corresponding organiza-  
2 tional units or functions. Statutory reporting requirements  
3 that applied in relation to such an agency immediately be-  
4 fore the effective date of this Act shall continue to apply  
5 following such transfer if they refer to the agency by  
6 name.

7 (e) EMPLOYMENT PROVISIONS.—

8 (1) REGULATIONS.—The Corporation may, in  
9 regulations prescribed jointly with the Director of  
10 the Office of Personnel Management, adopt the  
11 rules, procedures, terms, and conditions, established  
12 by statute, rule, or regulation before the date of the  
13 enactment of this Act, relating to employment in any  
14 agency transferred to the Corporation under section  
15 603.

16 (2) EFFECT OF TRANSFER ON CONDITIONS OF  
17 EMPLOYMENT.—Except as otherwise provided in this  
18 Act, or under authority granted by this Act, the  
19 transfer pursuant to this title of personnel shall not  
20 alter the terms and conditions of employment, in-  
21 cluding compensation, of any employee so trans-  
22 ferred.

23 (f) STATUTORY REPORTING REQUIREMENTS.—Any  
24 statutory reporting requirement that applied to an agency  
25 transferred to the Corporation under this title immediately

1 before the date of the enactment of this Act shall continue  
2 to apply following that transfer if the statutory require-  
3 ment refers to the agency by name.

4 **SEC. 607. OTHER TERMINATIONS.**

5 Except as otherwise provided in this Act, whenever  
6 all the functions vested by law in any agency have been  
7 transferred pursuant to this title, each position and office  
8 the incumbent of which was authorized to receive com-  
9 pensation at the rates prescribed for an office or position  
10 at level II, III, IV, or V of the Executive Schedule under  
11 subchapter II of chapter 53 of title 5, United States Code,  
12 shall terminate.

13 **SEC. 608. INCIDENTAL TRANSFERS.**

14 The Director of the Office of Management and Budg-  
15 et, in consultation with the Corporation, is authorized and  
16 directed to make such additional incidental dispositions of  
17 personnel, assets, and liabilities held, used, arising from,  
18 available, or to be made available, in connection with the  
19 functions transferred by this title, as the Director may de-  
20 termine necessary to accomplish the purposes of this Act.

21 **SEC. 609. REFERENCE.**

22 With respect to any function transferred under this  
23 title (including under a reorganization plan under section  
24 602) and exercised on or after the date of the enactment  
25 of this Act, reference in any other Federal law to any de-

1 partment, commission, or agency or any officer or office  
2 the functions of which are so transferred shall be deemed  
3 to refer to the Corporation or official or component of the  
4 Corporation to which that function is so transferred.

5 **SEC. 610. CONFORMING AMENDMENTS.**

6 (a) EXEMPT PROGRAMS.—Section 255(g) of the Bal-  
7 anced Budget and Emergency Deficit Control Act of 1985  
8 (2 U.S.C. 905(g)) is amended by striking “Overseas Pri-  
9 vate Investment Corporation, Noncredit Account (71-  
10 4184-0-3-151).” and inserting “United States Inter-  
11 national Development Finance Corporation.”

12 (b) EXECUTIVE SCHEDULE.—Title 5, United States  
13 Code, is amended—

14 (1) in section 5314, by striking “President,  
15 Overseas Private Investment Corporation.”;

16 (2) in section 5315, by striking “Executive Vice  
17 President, Overseas Private Investment Corpora-  
18 tion.”; and

19 (3) in section 5316, by striking “Vice Presi-  
20 dents, Overseas Private Investment Corporation  
21 (3).”.

22 (c) OFFICE OF INTERNATIONAL TRADE OF THE  
23 SMALL BUSINESS ADMINISTRATION.—Section 22 of the  
24 Small Business Act (15 U.S.C. 649) is amended—

1           (1) in subsection (b), in the matter preceding  
2 paragraph (1), by striking “the President of the  
3 Overseas Private Investment Corporation, Director”  
4 and inserting “the Board of Directors of the United  
5 States International Development Finance Corpora-  
6 tion, the Director”; and

7           (2) by striking “Overseas Private Investment  
8 Corporation” each place it appears and inserting  
9 “United States International Development Finance  
10 Corporation”.

11       (d) UNITED STATES AND FOREIGN COMMERCIAL  
12 SERVICE.—Section 2301 of the Export Enhancement Act  
13 of 1988 (15 U.S.C. 4721) is amended by striking “Over-  
14 seas Private Investment Corporation” each place it ap-  
15 pears and inserting “United States International Develop-  
16 ment Finance Corporation”.

17       (e) TRADE PROMOTION COORDINATING COM-  
18 MITTEE.—Section 2312(d)(1)(K) of the Export Enhance-  
19 ment Act of 1988 (15 U.S.C. 4727(d)(1)(K)) is amended  
20 by striking “Overseas Private Investment Corporation”  
21 and inserting “United States International Development  
22 Finance Corporation”.

23       (f) INTERAGENCY TRADE DATA ADVISORY COM-  
24 MITTEE.—Section 5402(b) of the Omnibus Trade and  
25 Competitiveness Act of 1988 (15 U.S.C. 4902(b)) is

1 amended by striking “the President of the Overseas Pri-  
2 vate Investment Corporation” and inserting “the Chief  
3 Executive Officer of the United States International De-  
4 velopment Finance Corporation”.

5 (g) MISUSE OF NAMES OF FEDERAL AGENCIES.—  
6 Section 709 of title 18, United States Code, is amended  
7 by striking “‘Overseas Private Investment’, ‘Overseas Pri-  
8 vate Investment Corporation’, or ‘OPIC,’” and inserting  
9 “‘United States International Development Finance Cor-  
10 poration’ or ‘DFC’”.

11 (h) ENGAGEMENT ON CURRENCY EXCHANGE RATE  
12 AND ECONOMIC POLICIES.—Section 701(c)(1)(A) of the  
13 Trade Facilitation and Trade Enforcement Act of 2015  
14 (19 U.S.C. 4421(c)(1)(A)) is amended by striking “Over-  
15 seas Private Investment Corporation” and inserting  
16 “United States International Development Finance Cor-  
17 poration”.

18 (i) INTERNSHIPS WITH INSTITUTE FOR INTER-  
19 NATIONAL PUBLIC POLICY.—Section 625 of the Higher  
20 Education Act of 1965 (20 U.S.C. 1131c(a)) is amended  
21 by striking “Overseas Private Investment Corporation”  
22 and inserting “United States International Development  
23 Finance Corporation”.

1 (j) FOREIGN ASSISTANCE ACT OF 1961.—The For-  
2 eign Assistance Act of 1961 (22 U.S.C. 2151 et seq.) is  
3 amended—

4 (1) in section 449B(b)(2) (22 U.S.C.  
5 2296b(b)(2)), by striking “Overseas Private Invest-  
6 ment Corporation” and inserting “United States  
7 International Development Finance Corporation”;  
8 and

9 (2) in section 481(e)(4)(A) (22 U.S.C.  
10 2291(e)(4)(A)), in the matter preceding clause (i),  
11 by striking “(including programs under title IV of  
12 chapter 2, relating to the Overseas Private Invest-  
13 ment Corporation)” and inserting “(and any support  
14 under title II of the Better Utilization of Invest-  
15 ments Leading to Development Act of 2018, relating  
16 to the United States International Development Fi-  
17 nance Corporation)”.

18 (k) ELECTRIFY AFRICA ACT OF 2015.—Sections 5  
19 and 7 of the Electrify Africa Act of 2015 (Public Law  
20 114–121; 22 U.S.C. 2293 note) are amended by striking  
21 “Overseas Private Investment Corporation” each place it  
22 appears and inserting “United States International Devel-  
23 opment Finance Corporation”.

24 (l) FOREIGN AID TRANSPARENCY AND ACCOUNT-  
25 ABILITY ACT OF 2016.—Section 2(3) of the Foreign Aid

1 Transparency and Accountability Act of 2016 (Public Law  
2 114–191; 22 U.S.C. 2394c note) is amended by striking  
3 subparagraph (A) and inserting the following:

4           “(A) title II of the Better Utilization of In-  
5           vestments Leading to Development Act of  
6           2018;”.

7           (m) SUPPORT FOR EAST EUROPEAN DEMOCRACY  
8 (SEED) PROGRAM.—The Support for East European De-  
9 mocracy (SEED) Act of 1989 (22 U.S.C. 5401 et seq.)  
10 is amended—

11           (1) in section 2(e) (22 U.S.C. 5401(e)), by  
12 striking paragraph (12) and inserting the following:

13           “(12) UNITED STATES INTERNATIONAL DEVEL-  
14           OPMENT FINANCE CORPORATION.—Programs of the  
15           United States International Development Finance  
16           Corporation.”; and

17           (2) in section 201(e) (22 U.S.C. 5421(e)), by  
18 striking “Agency for International Development”  
19 and inserting “United States International Develop-  
20 ment Finance Corporation”.

21           (n) CUBAN LIBERTY AND DEMOCRATIC SOLIDARITY  
22 (LIBERTAD) ACT OF 1996.—Section 202(b)(2)(B)(iv)  
23 of the Cuban Liberty and Democratic Solidarity  
24 (LIBERTAD) Act of 1996 (22 U.S.C. 6062(b)(2)(B)(iv))  
25 is amended by striking “Overseas Private Investment Cor-

1 poration” and inserting “United States International De-  
2 velopment Finance Corporation”.

3 (o) INTERNATIONAL RELIGIOUS FREEDOM ACT OF  
4 1998.—Section 405(a)(10) of the International Religious  
5 Freedom Act of 1998 (22 U.S.C. 6445(a)(10)) is amended  
6 by striking “Overseas Private Investment Corporation”  
7 and inserting “United States International Development  
8 Finance Corporation”.

9 (p) TRAFFICKING VICTIMS PROTECTION ACT OF  
10 2000.—Section 103(8)(A) of the Trafficking Victims Pro-  
11 tection Act of 2000 (22 U.S.C. 7102(8)(A)) is amended  
12 in clause (viii) to read as follows:

13 “(viii) any support under title II of  
14 the Better Utilization of Investments  
15 Leading to Development Act of 2018 relat-  
16 ing to the United States International De-  
17 velopment Finance Corporation; and”.

18 (q) TECHNOLOGY DEPLOYMENT IN DEVELOPING  
19 COUNTRIES.—Section 732(b) of the Global Environmental  
20 Protection Assistance Act of 1989 (22 U.S.C. 7902(b))  
21 is amended by striking “Overseas Private Investment Cor-  
22 poration” and inserting “United States International De-  
23 velopment Finance Corporation”.



1 (r) EXPANDED NONMILITARY ASSISTANCE FOR  
2 UKRAINE.—Section 7(e)(3) of the Ukraine Freedom Sup-  
3 port Act of 2014 (22 U.S.C. 8926(e)(3)) is amended—

4 (1) in the matter preceding subparagraph (A),  
5 by striking “Overseas Private Investment Corpora-  
6 tion” and inserting “United States International De-  
7 velopment Finance Corporation”; and

8 (2) in subparagraph (B), by striking “by eligi-  
9 ble investors (as defined in section 238 of the For-  
10 eign Assistance Act of 1961 (22 U.S.C. 2198))”.

11 (s) GLOBAL FOOD SECURITY ACT OF 2016.—Section  
12 4(7) of the Global Food Security Act of 2016 (22 U.S.C.  
13 9303(7)) is amended by striking “Overseas Private Invest-  
14 ment Corporation” and inserting “United States Inter-  
15 national Development Finance Corporation”.

16 (t) SENSE OF CONGRESS ON EUROPEAN AND EUR-  
17 ASIAN ENERGY SECURITY.—Section 257(e)(2)(B) of the  
18 Countering Russian Influence in Europe and Eurasia Act  
19 of 2017 (22 U.S.C. 9546(c)(2)(B)) is amended by striking  
20 “Overseas Private Investment Corporation” and inserting  
21 “United States International Development Finance Cor-  
22 poration”.

23 (u) WHOLLY OWNED GOVERNMENT CORPORA-  
24 TION.—Section 9101(3) of title 31, United States Code,  
25 is amended by striking “Overseas Private Investment Cor-

1 poration” and inserting “United States International De-  
2 velopment Finance Corporation”.

3 (v) ENERGY INDEPENDENCE AND SECURITY ACT OF  
4 2007.—Title IX of the Energy Independence and Security  
5 Act of 2007 (42 U.S.C. 17321 et seq.) is amended—

6 (1) in section 914 (42 U.S.C. 17334)—

7 (A) in the section heading, by striking  
8 **“OVERSEAS PRIVATE INVESTMENT COR-**  
9 **PORATION”** and inserting **“UNITED STATES**  
10 **INTERNATIONAL DEVELOPMENT FINANCE**  
11 **CORPORATION”**;

12 (B) in subsection (a), in the matter pre-  
13 ceding paragraph (1), by striking “Overseas  
14 Private Investment Corporation” and inserting  
15 “United States International Development Fi-  
16 nance Corporation”; and

17 (C) in subsection (b), in the matter pre-  
18 ceding paragraph (1), by striking “Overseas  
19 Private Investment Corporation shall include in  
20 its annual report required under section 240A  
21 of the Foreign Assistance Act of 1961 (22  
22 U.S.C. 2200a)” and inserting “United States  
23 International Development Finance Corporation  
24 shall include in its annual report required under  
25 section 403 of the Better Utilization of Invest-

1           ments Leading to Development Act of 2018”;  
2           and

3           (2) in section 916(a)(2)(I) (42 U.S.C.  
4           17336(a)(2)(I)), by striking “Overseas Private In-  
5           vestment Corporation:” and inserting “United  
6           States International Development Finance Corpora-  
7           tion;”.

8           (w) EFFECTIVE DATE.—The amendments made by  
9           this section shall take effect at the end of the transition  
10          period.



**AMENDMENT TO H.R. 5105**

**OFFERED BY MR. CONNOLLY OF VIRGINIA**

In section 103(g)(1), insert “, in conjunction with the Administrator of the United States Agency for International Development,” after “Chief Executive Officer”.



**AMENDMENT TO THE AMENDMENT IN THE  
NATURE OF A SUBSTITUTE TO H.R. 5105  
OFFERED BY MR. CONNOLLY OF VIRGINIA**

In section 402(b)—

(1) in paragraph (2), strike “and” at the end;

(2) in paragraph (3), strike the period at the end and insert “; and”; and

(3) add at the end the following:

1           (4) develop standards for, and a method for en-  
2           suring, appropriate development performance of the  
3           Corporation’s portfolio, including—

4                   (A) measurement of the projected and ex  
5                   post development impact of a project; and

6                   (B) the information necessary to comply  
7                   with section 403.

In subsection (l) of section 610 to read as follows:

8           (l) FOREIGN AID TRANSPARENCY AND ACCOUNT-  
9           ABILITY ACT OF 2016.—Section 2(3) of the Foreign Aid  
10           Transparency and Accountability Act of 2016 (Public Law  
11           114–191; 22 U.S.C. 2394c note) is amended—

1           (1) in subparagraph (A), by striking “except  
2 for” and all that follows through “chapter 3” and  
3 insert “except for chapter 3”;

4           (2) in subparagraph (C), strike “and” at the  
5 end;

6           (3) in subparagraph (D), strike the period at  
7 the end and insert “; and”; and

8           (4) by adding at the end the following:

9                   “(E) the Better Utilization of Investments  
10           Leading to Development Act of 2018.”.



**AMENDMENT TO THE AMENDMENT IN THE  
NATURE OF A SUBSTITUTE TO H.R. 5105  
OFFERED BY Mr . Engel**

In section 602—

(1) redesignate subsections (c) and (d) as subsections (d) and (e), respectively (and conform internal cross-references accordingly); and

(2) insert after subsection (b) the following new subsection:

1 (c) REPORT ON COORDINATION.—

2 (1) IN GENERAL.—The transfer of functions  
3 authorized by this section may occur only after the  
4 Chief Executive Officer of the Corporation and the  
5 Administrator of the United States Agency for  
6 International Development jointly submit to the  
7 Committee on Foreign Affairs and Committee on  
8 Appropriations of the House of Representatives and  
9 Committee on Foreign Relations and Committee on  
10 Appropriations of the Senate a report in writing that  
11 contains the information required by paragraph (2).

12 (2) INFORMATION REQUIRED.—The information  
13 required by this paragraph includes a description in  
14 detail of the procedures to be followed after the

1 transfer of functions authorized by this section have  
2 occurred to coordinate between the Corporation and  
3 the United States Agency for International Develop-  
4 ment in carrying out the functions so transferred.





**AMENDMENT TO THE AMENDMENT IN THE  
NATURE OF A SUBSTITUTE TO H.R. 5105  
OFFERED BY Mr. Engel**

At the end of title IV, add the following new section:

1 **SEC. 4 . NOTIFICATION OF SUPPORT TO BE PROVIDED BY**  
2 **THE CORPORATION.**

3 (a) IN GENERAL.—Not later than 15 days prior to  
4 the Corporation making a financial commitment associ-  
5 ated with the provision of support under title II in an  
6 amount in excess of \$10,000,000, the Chief Executive Of-  
7 ficer of the Corporation shall submit to the Committee on  
8 Foreign Affairs and the Committee on Appropriations of  
9 the House of Representatives and the Committee on For-  
10 eign Relations and the Committee on Appropriations of  
11 the Senate a report in writing that contains the informa-  
12 tion required by subsection (b).

13 (b) INFORMATION REQUIRED.—The information re-  
14 quired by this subsection includes—

15 (1) the amount of each such financial commit-  
16 ment;

17 (2) an identification of the recipient or bene-  
18 ficiary; and

1           (3) a description of the project, activity, or  
2           asset and the development goal or purpose to be  
3           achieved by providing support by the Corporation.



**AMENDMENT TO THE AMENDMENT IN THE  
NATURE OF A SUBSTITUTE TO H.R. 5105  
OFFERED BY MS. FRANKEL OF FLORIDA**

In section 201(c), insert “women’s economic empowerment, microenterprise households,” before “and other small business activities”.

In section 403(b)(3)(A), add at the end before the semicolon the following: “, and to the extent practicable, measures of such development outcomes should be on a gender-disaggregated basis, such as changes in employment, access to financial services, enterprise development and growth, and composition of executive boards and senior leadership of enterprises receiving support under title II”.

At the end of section 501, add the following new subsection:

- 1 (f) WOMEN’S ECONOMIC EMPOWERMENT.—In uti-
- 2 lizing its authorities under title II, the Corporation should
- 3 consider the impacts of its support on women’s economic
- 4 opportunities and outcomes and make efforts to mitigate

- 1 gender gaps and maximize development impact by working
- 2 to improve women's economic opportunities.



**AMENDMENT TO THE AMENDMENT IN THE  
NATURE OF A SUBSTITUTE TO H.R. 5105  
OFFERED BY MR. KEATING OF MASSACHUSETTS**

In section 403(a)(1), strike “and benefits” and insert “, including with respect to matters described in subsections (d) and (e) of section 501,”.



**AMENDMENT TO THE AMENDMENT IN THE  
NATURE OF A SUBSTITUTE TO H.R. 5105  
OFFERED BY MR. KEATING OF MASSACHUSETTS**

In section 401(b)(3), insert “developmental, environmental, social,” after “operational,”.



**AMENDMENT TO THE AMENDMENT IN THE  
NATURE OF A SUBSTITUTE TO H.R. 5105  
OFFERED BY MR. KEATING OF MASSACHUSETTS**

At end of title I, add the following:

1 **SEC. 105. INDEPENDENT ACCOUNTABILITY MECHANISM.**

2 (a) IN GENERAL.—The Board shall establish a trans-  
3 parent and independent accountability mechanism.

4 (b) FUNCTIONS.—The independent accountability  
5 mechanism established pursuant to subsection (a) shall—

6 (1) annually evaluate and report to the Board  
7 and Congress regarding compliance with environ-  
8 mental, social, labor, human rights, and trans-  
9 parency standards, consistent with Corporation stat-  
10 utory mandates;

11 (2) provide a forum for resolving concerns re-  
12 garding the impacts of specific Corporation-sup-  
13 ported projects with respect to such standards; and

14 (3) provide advice regarding Corporation  
15 projects, policies, and practices.



**AMENDMENT TO THE AMENDMENT IN THE  
NATURE OF A SUBSTITUTE TO H.R. 5105  
OFFERED BY MR. ROYCE OF CALIFORNIA**

In section 103(f)(2), insert “section” before “401”.

Amend paragraph (1) of section 201(g) to read as follows:

1           (1) IN GENERAL.—The Corporation may, fol-  
2           lowing consultation with the Secretary of State, the  
3           Administrator of the United States Agency for  
4           International Development, and the heads of other  
5           relevant departments or agencies, establish and op-  
6           erate enterprise funds in accordance with this sub-  
7           section.

At the end of section 201, add the following new subsection:

8           (h) SUPERVISION OF SUPPORT.—Support provided  
9           under this title shall be subject to section 622(c) of the  
10          Foreign Assistance Act of 1961 (22 U.S.C. 2382(c)).

Amend paragraph (3) of section 202(b) to read as follows:



1           (3) The Corporation shall, with respect to pro-  
2        viding any loan guaranty to a project, require the  
3        parties to the project to bear the risk of loss in an  
4        amount equal to at least 20 percent of the guaran-  
5        teed support by the Corporation in the project.

          In section 501(e)(1), insert “at least 60 days” be-  
fore “before”.

          At the end of section 501, add the following:

6        (f) PREFERENCE FOR PROVISION OF SUPPORT IN  
7        COUNTRIES EMBRACING PRIVATE ENTERPRISE.—

8           (1) IN GENERAL.—The Corporation should give  
9        preferential consideration to projects for which sup-  
10       port under title II may potentially be provided in  
11       countries the governments of which are making con-  
12       tinual progress toward economic policies that pro-  
13       mote the development of private enterprise, both do-  
14       mestic and foreign, and maintaining the conditions  
15       that enable private enterprise to make its full con-  
16       tribution to the development of such countries, in-  
17       cluding—

- 18                   (A) market-based economies;  
19                   (B) protecting private property rights;  
20                   (C) respect for the rule of law; and

1           (D) systems to combat corruption and  
2           bribery.

3           (2) SOURCES OF INFORMATION.—The Corpora-  
4           tion should rely on both third-party indicators and  
5           United States Government information, such as the  
6           Department of State’s Investment Climate State-  
7           ments, the Department of Commerce’s Country  
8           Commercial Guides, or the Millennium Challenge  
9           Corporation’s Constraints Analysis, to assess wheth-  
10          er countries meet the conditions described in para-  
11          graph (1).

⊗

**AMENDMENT TO THE AMENDMENT IN THE  
NATURE OF A SUBSTITUTE TO H.R. 5105  
OFFERED BY MR. SHERMAN OF CALIFORNIA**

At the end of section 501, add the following new subsection:

1       (f) CONSIDERATION OF FOREIGN BOYCOTT PARTICI-  
2   PATION.—In providing support under for projects under  
3   title II, the Corporation shall consider, using information  
4   readily available, whether the project is sponsored by or  
5   substantially affiliated with any person taking or know-  
6   ingly agreeing to take actions, or having taken or know-  
7   ingly agreed to take actions within the past three years,  
8   which demonstrate or otherwise evidence intent to comply  
9   with, further, or support any boycott fostered or imposed  
10  by any foreign country, or request to impose any boycott  
11  by any foreign country, against a country which is friendly  
12  to the United States and which is not itself the object of  
13  any form of boycott pursuant to United States law or reg-  
14  ulation.



**AMENDMENT TO THE AMENDMENT IN THE  
NATURE OF A SUBSTITUTE TO H.R. 5105  
OFFERED BY MR. SHERMAN OF CALIFORNIA**

At the end of section 503, add the following new subsection:

1       (c) PROHIBITION ON SUPPORT OF ACTIVITIES SUB-  
2 JECT TO SANCTIONS.—The Corporation shall require any  
3 entity or party receiving support under title II to certify  
4 it, any entity owned or controlled by the entity or party,  
5 or any entity or party which owns or otherwise manages  
6 the entity or party receiving support, does not conduct any  
7 activities subject to sanctions imposed by the United  
8 States.



**AMENDMENT TO THE AMENDMENT IN THE  
NATURE OF A SUBSTITUTE TO H.R. 5105  
OFFERED BY MR. SHERMAN OF CALIFORNIA**

In section 403(a)—

(1) in paragraph (2), strike “and” at the end;

(2) in paragraph (3), strike the period at the  
end and insert “; and”; and

(3) add at the end the following:

1           (4) the compliance of projects supported by the  
2           Corporation under title II with all relevant human  
3           rights, environmental, labor, and social policies, or  
4           other such related policies that govern the Corpora-  
5           tion’s support for projects, promulgated or otherwise  
6           administered by the Corporation.



**AMENDMENT TO THE AMENDMENT IN THE  
NATURE OF A SUBSTITUTE TO H.R. 5105  
OFFERED BY MR. SHERMAN OF CALIFORNIA**

In section 103(b)(2)(C)(ii), after “relevant experience” insert “, which may include experience relating to the private sector, international environment, labor organizations, or international development,”.



**AMENDMENT TO THE AMENDMENT IN THE  
NATURE OF A SUBSTITUTE TO H.R. 5105  
OFFERED BY MRS. TORRES OF CALIFORNIA**

In section 401(b), strike “and” at the end of paragraph (3).

In section 401(b), strike the period at the end of paragraph (4) and insert “; and”.

In section 401(b), add at the end the following:

1           (5) developing policies and procedures for as-  
2           sessing, prior to providing, and during any period  
3           during which the Corporation provides, support to  
4           any foreign entities, whether such entities have in  
5           place sufficient enhanced due diligence policies and  
6           practices to prevent money laundering and corrup-  
7           tion to ensure the Corporation does not provide sup-  
8           port to persons that are—

9                   (A) knowingly engaging in acts of corrup-  
10           tion;

11                   (B) knowingly providing material or finan-  
12           cial support for terrorism, drug trafficking, or  
13           human trafficking; or

1 (C) responsible for ordering or otherwise  
2 directing serious or gross violations of human  
3 rights.





115TH CONGRESS  
2D SESSION

# H. R. 5141

To make improvements to certain defense and security assistance provisions and to authorize assistance for Israel, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 1, 2018

Ms. ROS-LEHTINEN (for herself and Mr. DEUTCH) introduced the following bill; which was referred to the Committee on Foreign Affairs, and in addition to the Committees on Armed Services, and Science, Space, and Technology, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To make improvements to certain defense and security assistance provisions and to authorize assistance for Israel, 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 AND TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “United States-Israel Security Assistance Authorization  
6 Act of 2018”.

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

Sec. 1. Short title and table of contents.

Sec. 2. Definition.

#### TITLE I—SECURITY ASSISTANCE FOR ISRAEL

Sec. 101. Findings.

Sec. 102. Statement of policy.

Sec. 103. Assistance for Israel.

Sec. 104. Joint assessment of quantity of precision guided munitions for use by Israel.

Sec. 105. Transfer of precision guided munitions to Israel.

Sec. 106. Modification of rapid acquisition and deployment procedures.

Sec. 107. Extension of War Reserves Stockpile authority.

Sec. 108. Eligibility of Israel for the strategic trade authorization exception to certain export control licensing requirements.

Sec. 109. Extension of loan guarantees to Israel.

#### TITLE II—ENHANCED COOPERATION BETWEEN THE UNITED STATES AND ISRAEL

Sec. 201. United States-Israel cybersecurity cooperation.

Sec. 202. United States-Israel space cooperation.

Sec. 203. United States Agency for International Development—Israel enhanced cooperation.

Sec. 204. Authority to enter into a cooperative project agreement with Israel to counter unmanned aerial vehicles that threaten the United States or Israel.

#### TITLE III—ENSURING ISRAEL'S QUALITATIVE MILITARY EDGE

Sec. 301. Improved reporting on enhancing Israel's qualitative military edge and security posture.

Sec. 302. Statement of policy.

### 1 **SEC. 2. DEFINITION.**

2       In this Act, the term “appropriate congressional com-  
3 mittees” means—

4           (1) the Committee on Foreign Affairs and the  
5       Committee on Armed Services of the House of Rep-  
6       resentatives; and

7           (2) the Committee on Foreign Relations and  
8       the Committee on Armed Services of the Senate.

1 **TITLE I—SECURITY ASSISTANCE**  
2 **FOR ISRAEL**

3 **SEC. 101. FINDINGS.**

4 Congress makes the following findings:

5 (1) In April 1998, the United States designated  
6 Israel as a “major non-NATO ally”.

7 (2) On August 16, 2007, the United States and  
8 Israel signed a 10-year Memorandum of Under-  
9 standing on United States military assistance to  
10 Israel, the total amount of military assistance over  
11 the course of this period would equal \$30 billion.

12 (3) On July 27, 2012, the United States-Israel  
13 Enhanced Security Cooperation Act of 2012 (Public  
14 Law 112–150; 22 U.S.C. 8601 et seq.) declared it  
15 to be the policy of the United States “to help the  
16 Government of Israel preserve its qualitative military  
17 edge amid rapid and uncertain regional political  
18 transformation” and “provide Israel defense articles  
19 and services, to include air refueling tankers, missile  
20 defense capabilities, and specialized munitions”.

21 (4) On December 19, 2014, the President  
22 signed into law the United States-Israel Strategic  
23 Partnership Act of 2014 (Public Law 113–296)  
24 which stated the sense of Congress that Israel is a  
25 major strategic partner of the United States and de-

1       clared it to be the policy of the United States “to  
2       continue to provide Israel with robust security as-  
3       sistance, including for the procurement of the Iron  
4       Dome Missile Defense System”.

5           (5) Section 1679 of the National Defense Au-  
6       thorization Act for Fiscal Year 2016 (Public Law  
7       114–92; 129 Stat. 1135) authorized funds to be ap-  
8       propriated for Israeli cooperative missile defense  
9       program codevelopment and coproduction, including  
10      funds to be provided to the Government of Israel to  
11      procure the David’s Sling weapon system as well as  
12      the Arrow 3 Upper Tier Interceptor Program.

13          (6) On September 13, 2016, the House of Rep-  
14      resentatives passed, by a vote of 405 to 4, House  
15      Resolution 729, expressing support for the expedi-  
16      tious consideration and finalization of a new, robust,  
17      and long-term Memorandum of Understanding on  
18      military assistance to Israel between the United  
19      States Government and the Government of Israel.

20          (7) House Resolution 729 provides that the  
21      House of Representatives—

22           (A) “reaffirms that Israel is a major stra-  
23      tegic partner of the United States”;

24           (B) “reaffirms that it is the policy and law  
25      of the United States to ensure that Israel main-

1 tains its qualitative military edge and has the  
2 capacity and capability to defend itself from all  
3 threats”;

4 (C) “reaffirms United States support of a  
5 robust Israeli tiered missile defense program”;

6 (D) “supports continued discussions be-  
7 tween the Government of the United States and  
8 the Government of Israel for a robust and long-  
9 term Memorandum of Understanding on United  
10 States military assistance to Israel”;

11 (E) “urges the expeditious finalization of a  
12 new Memorandum of Understanding between  
13 the Government of the United States and the  
14 Government of Israel”; and

15 (F) “supports a robust and long-term  
16 Memorandum of Understanding negotiated be-  
17 tween the United States and Israel regarding  
18 military assistance which increases the amount  
19 of aid from previous agreements and signifi-  
20 cantly enhances Israel’s military capabilities”.

21 (8) On September 14, 2016, the United States  
22 and Israel signed a 10-year Memorandum of Under-  
23 standing reaffirming the importance of continuing  
24 annual United States military assistance to Israel  
25 and cooperative missile defense programs in a way

1 that enhances Israel's security and strengthens the  
2 bilateral relationship between the two countries.

3 (9) The 2016 Memorandum of Understanding  
4 reflected United States support of Foreign Military  
5 Financing (FMF) grant assistance to Israel over the  
6 10-year period beginning in fiscal year 2019 and  
7 ending in fiscal year 2028. Such FMF grant assist-  
8 ance would equal \$3.3 billion annually, totaling \$33  
9 billion.

10 (10) The 2016 Memorandum of Understanding  
11 also reflected United States support for funding for  
12 cooperative programs to develop, produce, and pro-  
13 cure missile, rocket and projectile defense capabili-  
14 ties over a 10-year period beginning in fiscal year  
15 2019 and ending in fiscal year 2028 at a level of  
16 \$500 million annually, totaling \$5 billion.

17 **SEC. 102. STATEMENT OF POLICY.**

18 It shall be the policy of the United States to provide  
19 assistance to the Government of Israel in order to support  
20 funding for cooperative programs to develop, produce, and  
21 procure missile, rocket, projectile, and other defense capa-  
22 bilities to help Israel meet its security needs and to help  
23 develop and enhance United States defense capabilities.

1 **SEC. 103. ASSISTANCE FOR ISRAEL.**

2 Section 513(c) of the Security Assistance Act of 2000  
3 (Public Law 106–280; 114 Stat. 856) is amended—

4 (1) in paragraph (1), by striking “2002 and  
5 2003” and inserting “2019, 2020, 2021, 2022 and  
6 2023”;

7 (2) in paragraph (2), by striking “equal to—”  
8 and all that follows and inserting “not less than  
9 \$3,300,000,000”; and

10 (3) in paragraph (3), by striking “Funds au-  
11 thorized” and all that follows through “later.” and  
12 inserting “Funds authorized to be available for  
13 Israel under subsection (b)(1) and paragraph (1) of  
14 this subsection for fiscal years 2019, 2020, 2021,  
15 2022, and 2023 shall be disbursed not later than 30  
16 days after the date of the enactment of an Act mak-  
17 ing appropriations for the Department of State, for-  
18 eign operations, and related programs for the re-  
19 spective fiscal year, or October 31 of the respective  
20 fiscal year, whichever is later.”.

21 **SEC. 104. JOINT ASSESSMENT OF QUANTITY OF PRECISION**  
22 **GUIDED MUNITIONS FOR USE BY ISRAEL.**

23 (a) IN GENERAL.—The President, acting through the  
24 Secretary of Defense, is authorized to conduct a joint as-  
25 sessment with the Government of Israel with respect to  
26 the matters described in subsection (b).

1 (b) MATTERS DESCRIBED.—The matters described  
2 in this subsection are the following:

3 (1) The quantity and type of precision guided  
4 munitions that are necessary for Israel to combat  
5 Hezbollah in the event of a sustained armed con-  
6 frontation between Israel and Hezbollah.

7 (2) The quantity and type of precision guided  
8 munitions that are necessary for Israel in the event  
9 of a sustained armed confrontation with other armed  
10 groups and terrorist organizations such as Hamas.

11 (3) The resources the Government of Israel can  
12 plan to dedicate to acquire such precision guided  
13 munitions.

14 (4) United States planning to assist Israel to  
15 prepare for the sustained armed confrontations de-  
16 scribed in paragraphs (1) and (2) as well as the abil-  
17 ity of the United States to resupply Israel in the  
18 event of such confrontations described in paragraphs  
19 (1) and (2), if any.

20 (c) REPORT.—

21 (1) IN GENERAL.—Not later than 15 days after  
22 the date on which the joint assessment authorized  
23 under subsection (a) is completed, the Secretary of  
24 Defense shall submit to the appropriate congres-



1 sional committees a report that contains the joint  
2 assessment.

3 (2) FORM.—The report required under para-  
4 graph (1) shall be submitted in unclassified form,  
5 but may contain a classified annex.

6 **SEC. 105. TRANSFER OF PRECISION GUIDED MUNITIONS TO**  
7 **ISRAEL.**

8 (a) IN GENERAL.—Notwithstanding section 514 of  
9 the Foreign Assistance Act of 1961 (22 U.S.C. 2321h),  
10 the President is authorized to—

11 (1) utilize the Special Defense Acquisition Fund  
12 to transfer precision guided munitions and related  
13 defense articles and services to reserve stocks for  
14 Israel; and

15 (2) transfer such quantities of precision guided  
16 munitions from reserve stocks for Israel as necessary  
17 for legitimate self-defense and is otherwise con-  
18 sistent with the purposes and conditions for such  
19 transfers under the Arms Export Control Act.

20 (b) CERTIFICATION.—Except in the case of an emer-  
21 gency, not later than 5 days before making a transfer  
22 under subsection (a), the President shall certify to the ap-  
23 propriate congressional committees that the transfer of  
24 the precision guided munitions—

1 (1) does not affect the ability of the United  
2 States to maintain a sufficient supply of precision  
3 guided munitions; and

4 (2) does not harm the combat readiness of the  
5 United States or the ability of the United States to  
6 meet its commitment to allies for the transfer of  
7 such munitions.

8 **SEC. 106. MODIFICATION OF RAPID ACQUISITION AND DE-**  
9 **PLOYMENT PROCEDURES.**

10 (a) REQUIREMENT TO ESTABLISH PROCEDURES.—

11 (1) IN GENERAL.—Section 806(a) of the Bob  
12 Stump National Defense Authorization Act for Fis-  
13 cal Year 2003 (10 U.S.C. 2302 note; 116 Stat.  
14 2607) is amended—

15 (A) in paragraph (1)(C), by striking “;  
16 and” at the end;

17 (B) in paragraph (2), by striking the pe-  
18 riod at the end and inserting “; and”; and

19 (C) by adding at the end the following:

20 “(3) urgently needed to support production of  
21 precision guided munitions—

22 “(A) for United States counterterrorism  
23 missions; or

24 “(B) to assist an ally of the United States  
25 under direct missile threat from—

1           “(i) an organization the Secretary of  
2           State has designated as a foreign terrorist  
3           organization pursuant to section 219 of the  
4           Immigration and Nationality Act (8 U.S.C.  
5           1189); or

6           “(ii) a country the government of  
7           which the Secretary of State has deter-  
8           mined, for purposes of section 6(j) of the  
9           Export Administration Act of 1979 (50  
10          U.S.C. 4605(j)) (as in effect pursuant to  
11          the International Emergency Economic  
12          Powers Act), section 620A of the Foreign  
13          Assistance Act of 1961 (22 U.S.C. 2371),  
14          section 40 of the Arms Export Control Act  
15          (22 U.S.C. 2780), or any other provision  
16          of law, is a government that has repeatedly  
17          provided support for acts of international  
18          terrorism.”.

19           (2) PRESCRIPTION OF PROCEDURES.—The Sec-  
20          retary of Defense shall prescribe procedures for the  
21          rapid acquisition and deployment of supplies and as-  
22          sociated support services for purposes described in  
23          paragraph (3) of section 806(a) of the Bob Stump  
24          National Defense Authorization Act for Fiscal Year  
25          2003, as added by paragraph (1) of this subsection,

1 not later than 180 days after the date of the enact-  
2 ment of this Act.

3 (b) USE OF AMOUNTS IN SPECIAL DEFENSE ACQUI-  
4 SITION FUND.—Section 114(e)(3) of title 10, United  
5 States Code, is amended by inserting at the end before  
6 the period the following: “or to assist an ally of the United  
7 States that is under direct missile threat, including from  
8 a terrorist organization supported by Iran, and such  
9 threat adversely affects the safety and security of such  
10 ally”.

11 **SEC. 107. EXTENSION OF WAR RESERVES STOCKPILE AU-**  
12 **THORITY.**

13 (a) DEPARTMENT OF DEFENSE APPROPRIATIONS  
14 ACT, 2005.—Subsection (e) of section 12001 of the De-  
15 partment of Defense Appropriations Act, 2005 (Public  
16 Law 108–287; 118 Stat. 1011), as redesignated by section  
17 105 of this Act, is amended by striking “after September  
18 30, 2018” and inserting “after September 30, 2023”.

19 (b) FOREIGN ASSISTANCE ACT OF 1961.—Section  
20 514(b)(2)(A) of the Foreign Assistance Act of 1961 (22  
21 U.S.C. 2321h(b)(2)(A)) is amended by striking “2013,  
22 2014, 2015, 2016, 2017, and 2018” and inserting “2018,  
23 2019, 2020, 2021, 2022, and 2023”.

1 **SEC. 108. ELIGIBILITY OF ISRAEL FOR THE STRATEGIC**  
2 **TRADE AUTHORIZATION EXCEPTION TO CER-**  
3 **TAIN EXPORT CONTROL LICENSING RE-**  
4 **QUIREMENTS.**

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

6 (1) Israel has adopted high standards in the  
7 field of export controls.

8 (2) Israel has declared its unilateral adherence  
9 to the Missile Technology Control Regime, the Aus-  
10 tralia Group, and the Nuclear Suppliers Group.

11 (3) Israel is a party to—

12 (A) the Protocol for the Prohibition of the  
13 Use in War of Asphyxiating, Poisonous or  
14 Other Gases, and of Bacteriological Methods of  
15 Warfare, signed at Geneva June 17, 1925; and

16 (B) the Convention on the Physical Protec-  
17 tion of Nuclear Material, adopted at Vienna on  
18 October 26, 1979.

19 (4) Section 6(b) of the United States-Israel  
20 Strategic Partnership Act of 2014 (22 U.S.C. 8603  
21 note) directs the President, consistent with the com-  
22 mitments of the United States under international  
23 agreements, to take steps so that Israel may be  
24 included in the list of countries eligible for the stra-  
25 tegic trade authorization exception under section  
26 740.20(e)(1) of title 15, Code of Federal Regula-

1 tions, to the requirement for a license for the export,  
2 re-export, or in-country transfer of an item subject  
3 to controls under the Export Administration Regula-  
4 tions.

5 (5) As of December 27, 2016, the last publica-  
6 tion of the license exceptions country list, Israel had  
7 not been included in the list of countries eligible for  
8 the strategic trade authorization exception under  
9 section 740.20(c)(1) of title 15, Code of Federal  
10 Regulations.

11 (b) REPORT ON ELIGIBILITY FOR STRATEGIC TRADE  
12 AUTHORIZATION EXCEPTION.—

13 (1) IN GENERAL.—Not later than 120 days  
14 after the date of the enactment of this Act, the  
15 President shall submit to the appropriate congress-  
16 sional committees a report that—

17 (A) describes the steps taken to include  
18 Israel in the list of countries eligible for the  
19 strategic trade authorization exception under  
20 section 740.20 (c) (1) of title 15, Code of Fed-  
21 eral Regulations section, as required under 6(b)  
22 of the United States-Israel Strategic Partner-  
23 ship Act of 2014 (22 U.S.C. 8603 note); and

24 (B) includes the reasons as to why Israel  
25 has not yet been included in such list of coun-

1           tries eligible for the strategic trade authoriza-  
2           tion exception.

3           (2) FORM.—The report required under para-  
4           graph (1) shall be submitted in unclassified form,  
5           but may contain a classified annex.

6 **SEC. 109. EXTENSION OF LOAN GUARANTEES TO ISRAEL.**

7           Chapter 5 of title I of the Emergency Wartime Sup-  
8           plemental Appropriations Act, 2003 (Public Law 108–11;  
9           117 Stat. 576) is amended under the heading “Loan  
10          Guarantees to Israel”—

11           (1) in the matter preceding the first proviso, by  
12           striking “September 30, 2019’ ” and inserting “Sep-  
13           tember 30, 2023”; and

14           (2) in the second proviso, by striking “Sep-  
15           tember 30, 2019” and inserting “September 30,  
16           2023”.

17 **TITLE II—ENHANCED COOPERA-**  
18 **TION BETWEEN THE UNITED**  
19 **STATES AND ISRAEL**

20 **SEC. 201. UNITED STATES-ISRAEL CYBERSECURITY CO-**  
21 **OPERATION.**

22           (a) GRANT PROGRAM.—

23           (1) ESTABLISHMENT.—The Secretary, in ac-  
24           cordance with the agreement entitled the “Agree-  
25           ment between the Government of the United States

1 of America and the Government of the State of  
2 Israel on Cooperation in Science and Technology for  
3 Homeland Security Matters”, dated May 29, 2008  
4 (or successor agreement), and the requirements  
5 specified in paragraph (2), shall establish a grant  
6 program at the Department to support—

7 (A) cybersecurity research and develop-  
8 ment; and

9 (B) demonstration and commercialization  
10 of cybersecurity technology.

11 (2) REQUIREMENTS.—

12 (A) APPLICABILITY.—Notwithstanding any  
13 other provision of law, in carrying out a re-  
14 search, development, demonstration, or com-  
15 mercial application program or activity that is  
16 authorized under this section, the Secretary  
17 shall require cost sharing in accordance with  
18 this paragraph.

19 (B) RESEARCH AND DEVELOPMENT.—

20 (i) IN GENERAL.—Except as provided  
21 in clause (ii), the Secretary shall require  
22 not less than 50 percent of the cost of a  
23 research, development, demonstration, or  
24 commercial application program or activity



1 described in subparagraph (A) to be pro-  
2 vided by a non-Federal source.

3 (ii) REDUCTION.—The Secretary may  
4 reduce or eliminate, on a case-by-case  
5 basis, the percentage requirement specified  
6 in clause (i) if the Secretary determines  
7 that such reduction or elimination is nec-  
8 essary and appropriate.

9 (C) MERIT REVIEW.—In carrying out a re-  
10 search, development, demonstration, or com-  
11 mercial application program or activity that is  
12 authorized under this section, awards shall be  
13 made only after an impartial review of the sci-  
14 entific and technical merit of the proposals for  
15 such awards has been carried out by or for the  
16 Department.

17 (D) REVIEW PROCESSES.—In carrying out  
18 a review under subparagraph (C), the Secretary  
19 may use merit review processes developed under  
20 section 302(14) of the Homeland Security Act  
21 of 2002 (6 U.S.C. 182(14)).

22 (3) ELIGIBLE APPLICANTS.—An applicant shall  
23 be eligible to receive a grant under this subsection  
24 if the project of such applicant—

1 (A) addresses a requirement in the area of  
2 cybersecurity research or cybersecurity tech-  
3 nology, as determined by the Secretary; and

4 (B) is a joint venture between—

5 (i)(I) a for-profit business entity, aca-  
6 demic institution, National Laboratory (as  
7 defined in section 2 of the Energy Policy  
8 Act of 2005 (42 U.S.C. 15801)), or non-  
9 profit entity in the United States; and

10 (II) a for-profit business entity, aca-  
11 demic institution, or nonprofit entity in  
12 Israel; or

13 (ii)(I) the Federal Government; and

14 (II) the Government of Israel.

15 (4) APPLICATIONS.—To be eligible to receive a  
16 grant under this subsection, an applicant shall sub-  
17 mit to the Secretary an application for such grant  
18 in accordance with procedures established by the  
19 Secretary, in consultation with the advisory board  
20 established under paragraph (5).

21 (5) ADVISORY BOARD.—

22 (A) ESTABLISHMENT.—The Secretary  
23 shall establish an advisory board to—

1 (i) monitor the method by which  
2 grants are awarded under this subsection;  
3 and

4 (ii) provide to the Secretary periodic  
5 performance reviews of actions taken to  
6 carry out this subsection.

7 (B) COMPOSITION.—The advisory board  
8 established under subparagraph (A) shall be  
9 composed of three members, to be appointed by  
10 the Secretary, of whom—

11 (i) one shall be a representative of the  
12 Federal Government;

13 (ii) one shall be selected from a list of  
14 nominees provided by the United States-  
15 Israel Binational Science Foundation; and

16 (iii) one shall be selected from a list  
17 of nominees provided by the United States-  
18 Israel Binational Industrial Research and  
19 Development Foundation.

20 (6) CONTRIBUTED FUNDS.—Notwithstanding  
21 any other provision of law, the Secretary may accept  
22 or retain funds contributed by any person, govern-  
23 ment entity, or organization for purposes of carrying  
24 out this subsection. Such funds shall be available,

1 subject to appropriation, without fiscal year limita-  
2 tion.

3 (7) REPORT.—Not later than 180 days after  
4 the date of completion of a project for which a grant  
5 is provided under this subsection, the grant recipient  
6 shall submit to the Secretary a report that con-  
7 tains—

8 (A) a description of how the grant funds  
9 were used by the recipient; and

10 (B) an evaluation of the level of success of  
11 each project funded by the grant.

12 (8) CLASSIFICATION.—Grants shall be awarded  
13 under this subsection only for projects that are con-  
14 sidered to be unclassified by both the United States  
15 and Israel.

16 (b) TERMINATION.—The grant program and the ad-  
17 visory board established under this section terminate on  
18 the date that is 7 years after the date of the enactment  
19 of this Act.

20 (c) NO ADDITIONAL FUNDS AUTHORIZED.—No addi-  
21 tional funds are authorized to carry out the requirements  
22 of this section. Such requirements shall be carried out  
23 using amounts otherwise authorized.

24 (d) DEFINITIONS.—In this section—

1           (1) the term “cybersecurity research” means re-  
2           search, including social science research, into ways  
3           to identify, protect against, detect, respond to, and  
4           recover from cybersecurity threats;

5           (2) the term “cybersecurity technology” means  
6           technology intended to identify, protect against, de-  
7           tect, respond to, and recover from cybersecurity  
8           threats;

9           (3) the term “cybersecurity threat” has the  
10          meaning given such term in section 102 of the Cy-  
11          bersecurity Information Sharing Act of 2015 (en-  
12          acted as title I of the Cybersecurity Act of 2015 (di-  
13          vision N of the Consolidated Appropriations Act,  
14          2016 (Public Law 114–113)));

15          (4) the term “Department” means the Depart-  
16          ment of Homeland Security; and

17          (5) the term “Secretary” means the Secretary  
18          of Homeland Security.

19 **SEC. 202. UNITED STATES-ISRAEL SPACE COOPERATION.**

20          (a) FINDINGS.—The Congress finds that—

21               (1) authorized in 1958, the National Aero-  
22               nautics and Space Administration (NASA) supports  
23               and coordinates United States Government research  
24               in aeronautics, human exploration and operations,  
25               science, and space technology;

1           (2) established in 1983, the Israel Space Agen-  
2           cy (ISA) supports the growth of Israel’s space indus-  
3           try by supporting academic research, technological  
4           innovation, and educational activities;

5           (3) the mutual interest of the United States  
6           and Israel in space exploration affords both nations  
7           an opportunity to leverage their unique abilities to  
8           advance scientific discovery;

9           (4) in 1996, NASA and the ISA entered into  
10          their first agreement outlining areas of mutual co-  
11          operation, which remained in force until 2005;

12          (5) since 1996, NASA and the ISA have suc-  
13          cessfully cooperated on many space programs sup-  
14          porting the Global Positioning System and research  
15          related to the sun, earth science, and the environ-  
16          ment;

17          (6) the bond between NASA and the ISA was  
18          permanently forged on February 1, 2003, with the  
19          loss of the crew of STS-107 including Israeli Astro-  
20          naut Ilan Ramon;

21          (7) the United States-Israel Strategic Partner-  
22          ship Act of 2014 (Public Law 113-296) designated  
23          Israel as a Major Strategic Partner of the United  
24          States; and

1           (8) on October 13, 2015, the United States and  
2       Israel signed the Framework Agreement between the  
3       National Aeronautics and Space Administration of  
4       the United States of America and the Israel Space  
5       Agency for Cooperation in Aeronautics and the Ex-  
6       ploration and Use of Airspace and Outer Space for  
7       Peaceful Purposes.

8       (b) CONTINUING COOPERATION.—The Administrator  
9       of the National Aeronautics and Space Administration  
10      shall continue to work with the Israel Space Agency to  
11      identify and cooperatively pursue peaceful space explo-  
12      ration and science initiatives in areas of mutual interest,  
13      taking all appropriate measures to protect sensitive infor-  
14      mation, intellectual property, trade secrets, and economic  
15      interests of the United States.

16 **SEC. 203. UNITED STATES AGENCY FOR INTERNATIONAL**  
17                   **DEVELOPMENT—ISRAEL ENHANCED CO-**  
18                   **OPERATION.**

19      (a) STATEMENT OF POLICY.—It should be the policy  
20      of the United States Agency for International Develop-  
21      ment to cooperate with Israel in order to advance common  
22      goals across a wide variety of sectors, including energy,  
23      agriculture and food security, democracy, human rights  
24      and governance, economic growth and trade, education,  
25      environment, global health and water and sanitation.

1 (b) MEMORANDUM OF UNDERSTANDING.—The Ad-  
2 ministrator of the United States Agency for International  
3 Development is authorized to enter into memoranda of un-  
4 derstanding with Israel in order to advance common goals  
5 on energy, agriculture and food security, democracy,  
6 human rights and governance, economic growth and trade,  
7 education, environment, global health and water sanitation  
8 with a focus on strengthening mutual ties and cooperation  
9 with nations throughout the world.

10 **SEC. 204. AUTHORITY TO ENTER INTO A COOPERATIVE**  
11 **PROJECT AGREEMENT WITH ISRAEL TO**  
12 **COUNTER UNMANNED AERIAL VEHICLES**  
13 **THAT THREATEN THE UNITED STATES OR**  
14 **ISRAEL.**

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

16 (1) On February 10, 2018, Iran launched an  
17 unmanned aerial vehicle (commonly known as a  
18 “drone”) from Syria that penetrated Israeli air-  
19 space.

20 (2) Israeli officials noted that the unmanned  
21 aerial vehicle was in Israeli airspace for a minute  
22 and a half before being shot down by the Israeli air  
23 force.



1           (3) Senior Israeli officials stated that the un-  
2           manned aerial vehicle was an advanced piece of tech-  
3           nology.

4           (4) It remains unclear whether the unmanned  
5           aerial vehicle was armed. Nonetheless, the launch,  
6           and sophistication of the unmanned aerial vehicle,  
7           highlight the threat Israel faces from unmanned aer-  
8           ial vehicles from Iranian forces active in Syria and  
9           from Hezbollah in Lebanon.

10          (5) The United States likewise faces the threat  
11          of unmanned aerial vehicles along the United States  
12          border and in areas of active hostilities, including  
13          unmanned aerial vehicles of the Islamic State of  
14          Iraq and Syria (ISIS) in Iraq and Syria and un-  
15          manned aerial vehicles manufactured of al-Qaeda in  
16          Afghanistan.

17          (b) SENSE OF CONGRESS.—It is the sense of Con-  
18          gress that—

19               (1) joint research and development to counter  
20               unmanned aerial vehicles will serve the national se-  
21               curity interests of the United States and Israel;

22               (2) Israel faces urgent and emerging threats  
23               from unmanned aerial vehicles and other unmanned  
24               aerial vehicles, launched from Lebanon by  
25               Hezbollah, from Syria by forces of Iran's Revolu-

1 tionary Guard Corps, or from others seeking to at-  
2 tack Israel; and

3 (3) the United States and Israel should con-  
4 tinue to work together to defend against all threats  
5 to the safety, security, and national interests of both  
6 countries.

7 (e) AUTHORITY TO ENTER INTO AGREEMENT.—

8 (1) IN GENERAL.—The President is authorized  
9 to enter into a cooperative project agreement with  
10 Israel under the authority of section 27 of the Arms  
11 Export Control Act (22 U.S.C. 2767) to carry out  
12 research on and development, testing, evaluation,  
13 and joint production (including follow-on support) of  
14 defense articles and defense services to detect, track,  
15 and destroy unmanned aerial vehicles that threaten  
16 the United States or Israel.

17 (2) APPLICABLE REQUIREMENTS.—The cooper-  
18 ative project agreement described in paragraph  
19 (1)—

20 (A) shall provide that any activities carried  
21 out pursuant to the agreement are subject to—

22 (i) the applicable requirements de-  
23 scribed in subparagraphs (A), (B), and (C)  
24 of section 27(b)(2) of the Arms Export  
25 Control Act; and

1 (ii) any other applicable requirements  
 2 of the Arms Export Control Act with re-  
 3 spect to the use, transfers, and security of  
 4 such defense articles and defense services  
 5 under that Act; and

6 (B) shall establish a framework to nego-  
 7 tiate the rights to intellectual property devel-  
 8 oped under the agreement.

9 **TITLE III—ENSURING ISRAEL’S**  
 10 **QUALITATIVE MILITARY EDGE**

11 **SEC. 301. IMPROVED REPORTING ON ENHANCING ISRAEL’S**  
 12 **QUALITATIVE MILITARY EDGE AND SECU-**  
 13 **RITY POSTURE.**

14 Section 36(h)(2) of the Arms Export Control Act (22  
 15 U.S.C. 2776(h)(2)) is amended—

16 (1) in subparagraph (C), by striking “and” at  
 17 the end;

18 (2) in subparagraph (D), by striking the period  
 19 at the end and inserting “; and”; and

20 (3) by adding at the end the following:

21 “(E) an assessment of—

22 “(i) the ability of Israel to effectively  
 23 defend itself against military threats from  
 24 regional non-state actors;

1           “(ii) the risk that is posed by the sale  
2           or export of a subsequent unauthorized  
3           transfer or proliferation of the equipment  
4           for use against Israel;

5           “(iii) the range of cyber and asym-  
6           metric threats posed to Israel by state and  
7           non-state actors;

8           “(iv) the range of threats posed to  
9           Israel by state and non-state actors  
10          through the use of unmanned vehicles and  
11          systems, through air, land or water; and

12          “(v) the effective countermeasures  
13          available to Israel to defend against the  
14          risks and threats described in clauses (ii)  
15          through (iv).”.

16 **SEC. 302. STATEMENT OF POLICY.**

17          It is the policy of the United States to ensure that  
18          Israel maintains its ability to counter and defeat any cred-  
19          ible conventional military or emerging threat from any in-  
20          dividual state or possible coalition of states or from non-  
21          state actors, while sustaining minimal damages and cas-  
22          ualties, through the use of superior military means, pos-  
23          sessed in sufficient quantity, including weapons, com-  
24          mand, control, communication, intelligence, surveillance,  
25          and reconnaissance capabilities that in their technical

- 1 characteristics are superior in capability to those of such
- 2 other individual or possible coalition states or non-state
- 3 actors.



**AMENDMENT IN THE NATURE OF A SUBSTITUTE  
TO H.R. 5141  
OFFERED BY MR. ROYCE OF CALIFORNIA**

Strike all after the enacting clause and insert the following:

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

2 (a) SHORT TITLE.—This Act may be cited as the  
3 “United States-Israel Security Assistance Authorization  
4 Act of 2018”.

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

Sec. 1. Short title and table of contents.  
Sec. 2. Definition.

**TITLE I—SECURITY ASSISTANCE FOR ISRAEL**

Sec. 101. Findings.  
Sec. 102. Statement of policy.  
Sec. 103. Assistance for Israel.  
Sec. 104. Joint assessment of quantity of precision guided munitions for use by Israel.  
Sec. 105. Transfer of precision guided munitions to Israel.  
Sec. 106. Sense of Congress on rapid acquisition and deployment procedures.  
Sec. 107. Extension of War Reserves Stockpile authority.  
Sec. 108. Eligibility of Israel for the strategic trade authorization exception to certain export control licensing requirements.  
Sec. 109. Extension of loan guarantees to Israel.

**TITLE II—ENHANCED COOPERATION BETWEEN THE UNITED STATES AND ISRAEL**

Sec. 201. United States-Israel cybersecurity cooperation.  
Sec. 202. United States-Israel space cooperation.  
Sec. 203. United States Agency for International Development—Israel enhanced cooperation.

Sec. 204. Authority to enter into a cooperative project agreement with Israel to counter unmanned aerial vehicles that threaten the United States or Israel.

**TITLE III—ENSURING ISRAEL'S QUALITATIVE MILITARY EDGE**

Sec. 301. Statement of policy.

Sec. 302. Improved reporting on enhancing Israel's qualitative military edge and security posture.

**1 SEC. 2. DEFINITION.**

2 In this Act, the term “appropriate congressional com-  
3 mittees” means—

4 (1) the Committee on Foreign Affairs and the  
5 Committee on Armed Services of the House of Rep-  
6 resentatives; and

7 (2) the Committee on Foreign Relations and  
8 the Committee on Armed Services of the Senate.

**9 TITLE I—SECURITY ASSISTANCE**  
**10 FOR ISRAEL**

**11 SEC. 101. FINDINGS.**

12 Congress makes the following findings:

13 (1) In 1987, the United States granted Israel  
14 status as a “major non-NATO ally”, which was codi-  
15 fied in law in 1996.

16 (2) On August 16, 2007, the United States and  
17 Israel signed a 10-year Memorandum of Under-  
18 standing on United States military assistance to  
19 Israel, the total amount of military assistance over  
20 the course of this period would equal \$30 billion.

1           (3) On July 27, 2012, the United States-Israel  
2       Enhanced Security Cooperation Act of 2012 (Public  
3       Law 112–150; 22 U.S.C. 8601 et seq.) declared it  
4       to be the policy of the United States “to help the  
5       Government of Israel preserve its qualitative military  
6       edge amid rapid and uncertain regional political  
7       transformation” and “provide the Government of  
8       Israel defense articles and services . . . to include air  
9       refueling tankers, missile defense capabilities, and  
10      specialized munitions”.

11          (4) On December 19, 2014, the President  
12      signed into law the United States-Israel Strategic  
13      Partnership Act of 2014 (Public Law 113–296)  
14      which stated the sense of Congress that Israel is a  
15      major strategic partner of the United States and de-  
16      clared it to be the policy of the United States “to  
17      continue to provide Israel with robust security as-  
18      sistance, including for the procurement of the Iron  
19      Dome Missile Defense System”.

20          (5) Section 1679 of the National Defense Au-  
21      thorization Act for Fiscal Year 2016 (Public Law  
22      114–92; 129 Stat. 1135) authorized funds to be ap-  
23      propriated for Israeli cooperative missile defense  
24      program codevelopment and coproduction, including  
25      funds to be provided to the Government of Israel to



1 procure the David's Sling weapon system and the  
2 Arrow 3 Upper Tier Interceptor Program.

3 (6) On September 13, 2016, the House of Rep-  
4 resentatives passed, by a vote of 405 to 4, House  
5 Resolution 729, supporting the expeditious finaliza-  
6 tion of a new, robust, and long-term Memorandum  
7 of Understanding on military assistance to Israel be-  
8 tween the United States Government and the Gov-  
9 ernment of Israel.

10 (7) On September 14, 2016, the United States  
11 and Israel signed a 10-year Memorandum of Under-  
12 standing reaffirming the importance of continuing  
13 annual United States military assistance to Israel  
14 and cooperative missile defense programs in a way  
15 that enhances Israel's security and strengthens the  
16 bilateral relationship between the two countries.

17 (8) The 2016 Memorandum of Understanding  
18 reflected United States support of Foreign Military  
19 Financing (FMF) grant assistance to Israel over the  
20 10-year period beginning in fiscal year 2019 and  
21 ending in fiscal year 2028. Such FMF grant assist-  
22 ance would equal \$3.3 billion annually, totaling \$33  
23 billion.

24 (9) The 2016 Memorandum of Understanding  
25 also reflected United States support for funding for

1 cooperative programs to develop, produce, and pro-  
2 cure missile, rocket and projectile defense capabili-  
3 ties over a 10-year period beginning in fiscal year  
4 2019 and ending in fiscal year 2028 at a level of  
5 \$500 million annually, totaling \$5 billion.

6 **SEC. 102. STATEMENT OF POLICY.**

7 It is the policy of the United States to provide assist-  
8 ance to the Government of Israel in order to help enable  
9 Israel to defend itself by itself and develop long-term ca-  
10 pacity, primarily through the acquisition of advanced ca-  
11 pabilities that are available from the United States.

12 **SEC. 103. ASSISTANCE FOR ISRAEL.**

13 Section 513(c) of the Security Assistance Act of 2000  
14 (Public Law 106–280; 114 Stat. 856) is amended—

15 (1) in paragraph (1), by striking “2002 and  
16 2003” and inserting “2019, 2020, 2021, 2022 and  
17 2023”;

18 (2) in paragraph (2), by striking “equal to—”  
19 and all that follows and inserting “not less than  
20 \$3,300,000,000”; and

21 (3) in paragraph (3), by striking “Funds au-  
22 thorized” and all that follows through “later.” and  
23 inserting “Funds authorized to be available for  
24 Israel under subsection (b)(1) and paragraph (1) of  
25 this subsection for fiscal years 2019, 2020, 2021,

1 2022, and 2023 shall be disbursed not later than 30  
2 days after the date of the enactment of an Act mak-  
3 ing appropriations for the Department of State, for-  
4 eign operations, and related programs for the re-  
5 spective fiscal year, or October 31 of the respective  
6 fiscal year, whichever is later.”.

7 **SEC. 104. JOINT ASSESSMENT OF QUANTITY OF PRECISION**

8 **GUIDED MUNITIONS FOR USE BY ISRAEL.**

9 (a) **IN GENERAL.**—The President is authorized to  
10 conduct a joint assessment with the Government of Israel  
11 with respect to the matters described in subsection (b).

12 (b) **MATTERS DESCRIBED.**—The matters described  
13 in this subsection are the following:

14 (1) The quantity and type of precision guided  
15 munitions that are necessary for Israel to defend  
16 itself in the event of a sustained armed confronta-  
17 tion that is possible in light of current trends and  
18 instability in the Middle East.

19 (2) The resources the Government of Israel  
20 would need to dedicate to acquire such precision  
21 guided munitions.

22 (3) United States planning to assist Israel to  
23 prepare for a sustained armed confrontation de-  
24 scribed in paragraph (1) as well as the ability of the

1 United States to resupply Israel in the event of such  
2 a confrontation.

3 (c) REPORT.—

4 (1) IN GENERAL.—Not later than 15 days after  
5 the date on which the joint assessment authorized  
6 under subsection (a) is completed, the President  
7 shall submit to the appropriate congressional com-  
8 mittees a report that contains the joint assessment.

9 (2) FORM.—The report required under para-  
10 graph (1) shall be submitted in unclassified form,  
11 but may contain a classified annex.

12 **SEC. 105. TRANSFER OF PRECISION GUIDED MUNITIONS TO**  
13 **ISRAEL.**

14 (a) IN GENERAL.—Notwithstanding section 514 of  
15 the Foreign Assistance Act of 1961 (22 U.S.C. 2321h),  
16 the President is authorized to—

17 (1) utilize the Special Defense Acquisition Fund  
18 to transfer precision guided munitions and related  
19 defense articles and services to reserve stocks for  
20 Israel; and

21 (2) transfer such quantities of precision guided  
22 munitions from reserve stocks for Israel as necessary  
23 for legitimate self-defense and is otherwise con-  
24 sistent with the purposes and conditions for such  
25 transfers under the Arms Export Control Act.

1 (b) CERTIFICATION.—Except in the case of an emer-  
2 gency, not later than 5 days before making a transfer  
3 under subsection (a), the President shall certify to the ap-  
4 propriate congressional committees that the transfer of  
5 the precision guided munitions—

6 (1) does not affect the ability of the United  
7 States to maintain a sufficient supply of precision  
8 guided munitions;

9 (2) does not harm the combat readiness of the  
10 United States or the ability of the United States to  
11 meet its commitment to allies for the transfer of  
12 such munitions; and

13 (3) is in the national security interest of the  
14 United States.

15 **SEC. 106. SENSE OF CONGRESS ON RAPID ACQUISITION**  
16 **AND DEPLOYMENT PROCEDURES.**

17 It is the sense of Congress that the President should  
18 prescribe procedures for the rapid acquisition and deploy-  
19 ment of precision guided munitions for United States  
20 counterterrorism missions, or to assist an ally of the  
21 United States, including Israel, that is subject to direct  
22 missile threat.

1 **SEC. 107. EXTENSION OF WAR RESERVES STOCKPILE AU-**  
2 **THORITY.**

3 (a) DEPARTMENT OF DEFENSE APPROPRIATIONS  
4 ACT, 2005.—Section 12001(d) of the Department of De-  
5 fense Appropriations Act, 2005 (Public Law 108–287;  
6 118 Stat. 1011) is amended by striking “2019” and in-  
7 serting “2023”.

8 (b) FOREIGN ASSISTANCE ACT OF 1961.—Section  
9 514(b)(2)(A) of the Foreign Assistance Act of 1961 (22  
10 U.S.C. 2321h(b)(2)(A)) is amended by striking “2013,  
11 2014, 2015, 2016, 2017, and 2018” and inserting “2018,  
12 2019, 2020, 2021, 2022, and 2023”.

13 **SEC. 108. ELIGIBILITY OF ISRAEL FOR THE STRATEGIC**  
14 **TRADE AUTHORIZATION EXCEPTION TO CER-**  
15 **TAIN EXPORT CONTROL LICENSING RE-**  
16 **QUIREMENTS.**

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

18 (1) Israel has adopted high standards in the  
19 field of export controls.

20 (2) Israel has declared its unilateral adherence  
21 to the Missile Technology Control Regime, the Aus-  
22 tralia Group, and the Nuclear Suppliers Group.

23 (3) Israel is a party to—

24 (A) the Protocol for the Prohibition of the  
25 Use in War of Asphyxiating, Poisonous or

1 Other Gases, and of Bacteriological Methods of  
2 Warfare, signed at Geneva June 17, 1925; and

3 (B) the Convention on the Physical Protec-  
4 tion of Nuclear Material, adopted at Vienna on  
5 October 26, 1979.

6 (4) Section 6(b) of the United States-Israel  
7 Strategic Partnership Act of 2014 (22 U.S.C. 8603  
8 note) directs the President, consistent with the com-  
9 mitments of the United States under international  
10 agreements, to take steps so that Israel may be in-  
11 cluded in the list of countries eligible for the stra-  
12 tegic trade authorization exception under section  
13 740.20(e)(1) of title 15, Code of Federal Regula-  
14 tions, to the requirement for a license for the export,  
15 re-export, or in-country transfer of an item subject  
16 to controls under the Export Administration Regula-  
17 tions.

18 (5) As of December 27, 2017, the last publica-  
19 tion of the license exceptions country list, Israel had  
20 not been included in the list of countries eligible for  
21 the strategic trade authorization exception under  
22 section 740.20(e)(1) of title 15, Code of Federal  
23 Regulations.

24 (b) REPORT ON ELIGIBILITY FOR STRATEGIC TRADE  
25 AUTHORIZATION EXCEPTION.—

1           (1) IN GENERAL.—Not later than 120 days  
2 after the date of the enactment of this Act, the  
3 President shall submit to the appropriate congress-  
4 sional committees a report that describes the steps  
5 taken pursuant to section 6(b) of the United States-  
6 Israel Strategic Partnership Act of 2014 (22 U.S.C.  
7 8603 note).

8           (2) FORM.—The report required under para-  
9 graph (1) shall be provided in unclassified form, but  
10 may contain a classified portion.

11 **SEC. 109. EXTENSION OF LOAN GUARANTEES TO ISRAEL.**

12 Chapter 5 of title I of the Emergency Wartime Sup-  
13 plemental Appropriations Act, 2003 (Public Law 108–11;  
14 117 Stat. 576) is amended under the heading “Loan  
15 Guarantees to Israel”—

16           (1) in the matter preceding the first proviso, by  
17 striking “September 30, 2019’ ” and inserting “Sep-  
18 tember 30, 2023’ ”; and

19           (2) in the second proviso, by striking “Sep-  
20 tember 30, 2019’ ” and inserting “September 30,  
21 2023’ ”.



1 **TITLE II—ENHANCED COOPERA-**  
2 **TION BETWEEN THE UNITED**  
3 **STATES AND ISRAEL**

4 **SEC. 201. UNITED STATES-ISRAEL CYBERSECURITY CO-**  
5 **OPERATION.**

6 (a) GRANT PROGRAM.—

7 (1) ESTABLISHMENT.—The Secretary, in ac-  
8 cordance with the agreement entitled the “Agree-  
9 ment between the Government of the United States  
10 of America and the Government of the State of  
11 Israel on Cooperation in Science and Technology for  
12 Homeland Security Matters”, dated May 29, 2008  
13 (or successor agreement), and the requirements  
14 specified in paragraph (2), shall establish a grant  
15 program at the Department to support—

16 (A) cybersecurity research and develop-  
17 ment; and

18 (B) demonstration and commercialization  
19 of cybersecurity technology.

20 (2) REQUIREMENTS.—

21 (A) APPLICABILITY.—Notwithstanding any  
22 other provision of law, in carrying out a re-  
23 search, development, demonstration, or com-  
24 mercial application program or activity that is  
25 authorized under this section, the Secretary

1 shall require cost sharing in accordance with  
2 this paragraph.

3 (B) RESEARCH AND DEVELOPMENT.—

4 (i) IN GENERAL.—Except as provided  
5 in clause (ii), the Secretary shall require  
6 not less than 50 percent of the cost of a  
7 research, development, demonstration, or  
8 commercial application program or activity  
9 described in subparagraph (A) to be pro-  
10 vided by a non-Federal source.

11 (ii) REDUCTION.—The Secretary may  
12 reduce or eliminate, on a case-by-case  
13 basis, the percentage requirement specified  
14 in clause (i) if the Secretary determines  
15 that such reduction or elimination is nec-  
16 cessary and appropriate.

17 (C) MERIT REVIEW.—In carrying out a re-  
18 search, development, demonstration, or com-  
19 mercial application program or activity that is  
20 authorized under this section, awards shall be  
21 made only after an impartial review of the sci-  
22 entific and technical merit of the proposals for  
23 such awards has been carried out by or for the  
24 Department.

1 (D) REVIEW PROCESSES.—In carrying out  
2 a review under subparagraph (C), the Secretary  
3 may use merit review processes developed under  
4 section 302(14) of the Homeland Security Act  
5 of 2002 (6 U.S.C. 182(14)).

6 (3) ELIGIBLE APPLICANTS.—An applicant shall  
7 be eligible to receive a grant under this subsection  
8 if the project of such applicant—

9 (A) addresses a requirement in the area of  
10 cybersecurity research or cybersecurity tech-  
11 nology, as determined by the Secretary; and

12 (B) is a joint venture between—

13 (i)(I) a for-profit business entity, aca-  
14 demic institution, National Laboratory (as  
15 defined in section 2 of the Energy Policy  
16 Act of 2005 (42 U.S.C. 15801)), or non-  
17 profit entity in the United States; and

18 (ii)(I) a for-profit business entity, aca-  
19 demic institution, or nonprofit entity in  
20 Israel; or

21 (ii)(I) the Federal Government; and

22 (II) the Government of Israel.

23 (4) APPLICATIONS.—To be eligible to receive a  
24 grant under this subsection, an applicant shall sub-  
25 mit to the Secretary an application for such grant

1 in accordance with procedures established by the  
2 Secretary, in consultation with the advisory board  
3 established under paragraph (5).

4 (5) ADVISORY BOARD.—

5 (A) ESTABLISHMENT.—The Secretary  
6 shall establish or designate an advisory board  
7 to—

8 (i) monitor the method by which  
9 grants are awarded under this subsection;

10 and

11 (ii) provide to the Secretary periodic  
12 performance reviews of actions taken to  
13 carry out this subsection.

14 (B) COMPOSITION.—An advisory board es-  
15 tablished under subparagraph (A) shall be com-  
16 posed of three members, to be appointed by the  
17 Secretary, of whom—

18 (i) one shall be a representative of the  
19 Federal Government;

20 (ii) one shall be selected from a list of  
21 nominees provided by the United States-  
22 Israel Binational Science Foundation; and

23 (iii) one shall be selected from a list  
24 of nominees provided by the United States-

1           Israel Binational Industrial Research and  
2           Development Foundation.

3           (6) CONTRIBUTED FUNDS.—Notwithstanding  
4           any other provision of law, the Secretary may accept  
5           or retain funds contributed by any person, govern-  
6           ment entity, or organization for purposes of carrying  
7           out this subsection. Such funds shall be available,  
8           subject to appropriation, without fiscal year limita-  
9           tion.

10          (7) REPORT.—Not later than 180 days after  
11          the date of completion of a project for which a grant  
12          is provided under this subsection, the grant recipient  
13          shall submit to the Secretary a report that con-  
14          tains—

15                 (A) a description of how the grant funds  
16                 were used by the recipient; and

17                 (B) an evaluation of the level of success of  
18                 each project funded by the grant.

19          (8) CLASSIFICATION.—Grants shall be awarded  
20          under this subsection only for projects that are con-  
21          sidered to be unclassified by both the United States  
22          and Israel.

23          (b) TERMINATION.—The grant program and an advi-  
24          sory board established under this section terminate on the

1 date that is 7 years after the date of the enactment of  
2 this Act.

3 (c) NO ADDITIONAL FUNDS AUTHORIZED.—No addi-  
4 tional funds are authorized to carry out the requirements  
5 of this section. Such requirements shall be carried out  
6 using amounts otherwise authorized.

7 (d) DEFINITIONS.—In this section—

8 (1) the term “cybersecurity research” means re-  
9 search, including social science research, into ways  
10 to identify, protect against, detect, respond to, and  
11 recover from cybersecurity threats;

12 (2) the term “cybersecurity technology” means  
13 technology intended to identify, protect against, de-  
14 tect, respond to, and recover from cybersecurity  
15 threats;

16 (3) the term “cybersecurity threat” has the  
17 meaning given such term in section 102 of the Cy-  
18 bersecurity Information Sharing Act of 2015 (en-  
19 acted as title I of the Cybersecurity Act of 2015 (di-  
20 vision N of the Consolidated Appropriations Act,  
21 2016 (Public Law 114–113)));

22 (4) the term “Department” means the Depart-  
23 ment of Homeland Security; and

24 (5) the term “Secretary” means the Secretary  
25 of Homeland Security.

1 **SEC. 202. UNITED STATES-ISRAEL SPACE COOPERATION.**

2 (a) FINDINGS.—The Congress finds that—

3 (1) authorized in 1958, the National Aero-  
4 nautics and Space Administration (NASA) supports  
5 and coordinates United States Government research  
6 in aeronautics, human exploration and operations,  
7 science, and space technology;

8 (2) established in 1983, the Israel Space Agen-  
9 cy (ISA) supports the growth of Israel's space indus-  
10 try by supporting academic research, technological  
11 innovation, and educational activities;

12 (3) the mutual interest of the United States  
13 and Israel in space exploration affords both nations  
14 an opportunity to leverage their unique abilities to  
15 advance scientific discovery;

16 (4) in 1996, NASA and the ISA entered into  
17 their first agreement outlining areas of mutual co-  
18 operation, which remained in force until 2005;

19 (5) since 1996, NASA and the ISA have suc-  
20 cessfully cooperated on many space programs sup-  
21 porting the Global Positioning System and research  
22 related to the sun, earth science, and the environ-  
23 ment;

24 (6) the bond between NASA and the ISA was  
25 permanently forged on February 1, 2003, with the  
26 loss of the crew of STS-107, including Israeli Astro-

1 naut Ilan Ramon and six United States citizen as-  
2 tronauts; and

3 (7) on October 13, 2015, the United States and  
4 Israel signed the Framework Agreement between the  
5 National Aeronautics and Space Administration of  
6 the United States of America and the Israel Space  
7 Agency for Cooperation in Aeronautics and the Ex-  
8 ploration and Use of Airspace and Outer Space for  
9 Peaceful Purposes.

10 (b) CONTINUING COOPERATION.—The Administrator  
11 of the National Aeronautics and Space Administration  
12 should continue to work with the Israel Space Agency to  
13 identify and cooperatively pursue peaceful space explo-  
14 ration and science initiatives in areas of mutual interest,  
15 taking all appropriate measures to protect sensitive infor-  
16 mation, intellectual property, trade secrets, and economic  
17 interests of the United States.

18 **SEC. 203. UNITED STATES AGENCY FOR INTERNATIONAL**  
19 **DEVELOPMENT—ISRAEL ENHANCED CO-**  
20 **OPERATION.**

21 (a) STATEMENT OF POLICY.—It should be the policy  
22 of the United States to cooperate with Israel in order to  
23 advance common goals overseas across a wide variety of  
24 sectors, including energy, agriculture and food security,  
25 democracy, human rights and governance, economic



1 growth and trade, education, environment, global health,  
2 water, sanitation, and hygiene.

3 (b) MEMORANDUM OF UNDERSTANDING.—The Sec-  
4 retary of State, acting through the Administrator of the  
5 United States Agency for International Development in  
6 accordance with established procedures, is authorized to  
7 enter into memoranda of understanding with Israel in  
8 order to advance common goals on energy, agriculture and  
9 food security, democracy, human rights and governance,  
10 economic growth and trade, education, environment, glob-  
11 al health, water, sanitation, and hygiene with a focus on  
12 strengthening mutual ties, international cooperation, sta-  
13 bility, and security with other countries.

14 **SEC. 204. AUTHORITY TO ENTER INTO A COOPERATIVE**  
15 **PROJECT AGREEMENT WITH ISRAEL TO**  
16 **COUNTER UNMANNED AERIAL VEHICLES**  
17 **THAT THREATEN THE UNITED STATES OR**  
18 **ISRAEL.**

19 (a) SENSE OF CONGRESS.—It is the sense of Con-  
20 gress that—

21 (1) joint research and development to counter  
22 unmanned aerial vehicles will serve the national se-  
23 curity interests of the United States and Israel; and

24 (2) Israel faces urgent and emerging threats  
25 from unmanned aerial vehicles launched from Leb-

1 anon by Hezbollah, from Syria by forces of Iran's  
2 Revolutionary Guard Corps, and from others seeking  
3 to attack Israel.

4 (b) AUTHORITY TO ENTER INTO AGREEMENT.—

5 (1) IN GENERAL.—The President is authorized  
6 to enter into a cooperative project agreement with  
7 Israel under the authority of section 27 of the Arms  
8 Export Control Act (22 U.S.C. 2767) to carry out  
9 research on and development, testing, evaluation,  
10 and joint production (including follow-on support) of  
11 defense articles and defense services to detect, track,  
12 and destroy unmanned aerial vehicles that threaten  
13 the United States or Israel.

14 (2) APPLICABLE REQUIREMENTS.—The cooper-  
15 ative project agreement described in paragraph  
16 (1)—

17 (A) shall provide that any activities carried  
18 out pursuant to the agreement are subject to—

19 (i) the applicable requirements de-  
20 scribed in subparagraphs (A), (B), and (C)  
21 of section 27(b)(2) of the Arms Export  
22 Control Act; and

23 (ii) any other applicable requirements  
24 of the Arms Export Control Act with re-  
25 spect to the use, transfers, and security of

1           such defense articles and defense services  
2           under that Act; and

3           (B) shall establish a framework to nego-  
4           tiate the rights to intellectual property devel-  
5           oped under the agreement.

6       **TITLE III—ENSURING ISRAEL’S**  
7       **QUALITATIVE MILITARY EDGE**

8       **SEC. 301. STATEMENT OF POLICY.**

9       It is the policy of the United States to ensure that  
10       Israel maintains its ability to counter and defeat any cred-  
11       ible conventional military or emerging threat from any in-  
12       dividual state or possible coalition of states or from non-  
13       state actors, while sustaining minimal damages and cas-  
14       ualties, through the use of superior military means, pos-  
15       sessed in sufficient quantity, including weapons, com-  
16       mand, control, communication, intelligence, surveillance,  
17       and reconnaissance capabilities that in their technical  
18       characteristics are superior in capability to those of such  
19       other individual or possible coalition states or non-state  
20       actors.

21       **SEC. 302. IMPROVED REPORTING ON ENHANCING ISRAEL’S**  
22                       **QUALITATIVE MILITARY EDGE AND SECU-**  
23                       **RITY POSTURE.**

24       (a) IN GENERAL.—Section 201 of Public Law 110-  
25       429 (22 U.S.C. 2776 note) is amended—

1 (1) in the heading, by inserting “**AND OTHER**”  
2 after “**OVER MILITARY**”; and

3 (2) in subsection (a)—

4 (A) in the first sentence, by inserting “, to  
5 include regional non-state actors and asym-  
6 metric threats from state and non-state actors”  
7 after “over military threats to Israel,”; and

8 (B) by inserting after the first sentence, as  
9 so amended, the following new sentence: “The  
10 assessment required under this subsection shall  
11 also describe Israel’s ability to defend itself  
12 against cyber threats as well as armed autono-  
13 mous and unmanned systems.”.

14 (b) INTERIM ASSESSMENT AND REPORT.—

15 (1) ASSESSMENT.—The President shall carry  
16 out an empirical and qualitative assessment of the  
17 extent to which Israel possesses a qualitative mili-  
18 tary edge over military threats to Israel, to include  
19 regional non-state actors and asymmetric threats  
20 from state and non-state actors. The assessment re-  
21 quired under this subsection shall also describe  
22 Israel’s ability to defend itself against cyber threats  
23 as well as armed autonomous and unmanned sys-  
24 tems.

1           (2) REPORT.—Not later than 180 days after  
2 the date of the enactment of this Act, the President  
3 shall submit to the appropriate congressional com-  
4 mittees a report on the assessment required under  
5 this subsection.

6           (3) DEFINITIONS.—In this subsection, the  
7 terms “appropriate congressional committees” and  
8 “qualitative military edge” have the meanings given  
9 such terms in subsection (e) of section 201 of Public  
10 Law 110–429 (22 U.S.C. 2776 note).



**AMENDMENT TO THE AMENDMENT IN THE  
NATURE OF A SUBSTITUTE TO H.R. 5141  
OFFERED BY MR. CICILLINE OF RHODE ISLAND**

In section 108(a)(4), strike “agreements” and insert “arrangements”.

At the end of title II, add the following new section:

**1 SEC. 2\_. REPORT ON POTENTIAL BENEFITS AND IMPACT**  
**2 TO THE UNITED STATES OF ESTABLISHING A**  
**3 JOINT UNITED STATES-ISRAEL CYBERSECURITY CENTER OF EXCELLENCE.**  
**4**

5 Not later than one year after the date of the enact-  
6 ment of this Act, the Secretary of State shall submit to  
7 the appropriate congressional committees a report exam-  
8 ining the potential benefits and impact to the United  
9 States of establishing a joint United States-Israel Cyberse-  
10 curity Center of Excellence based in the United States and  
11 Israel to leverage the experience, knowledge, and expertise  
12 of institutions of higher education (as such term is defined  
13 in subsection (a) or (b) of section 101 of the Higher Edu-  
14 cation Act of 1965 (20 U.S.C. 1001)), private sector enti-  
15 ties, and government entities in the area of cybersecurity  
16 and protection of critical infrastructure (as such term is

1 defined in subsection (e) of section 1016 of the Critical  
2 Infrastructures Protection Act of 2001 (42 U.S.C. 5195e;  
3 enacted in title X of the USA PATRIOT Act (Public Law  
4 107-56)).



**AMENDMENT TO THE AMENDMENT IN THE  
NATURE OF A SUBSTITUTE TO H.R. 5141  
OFFERED BY MR. MEADOWS OF NORTH  
CAROLINA**

At the end of title I, add the following new section:

1 **SEC. 1 . LAW ENFORCEMENT COOPERATION.**

2 (a) STATEMENT OF POLICY.—It shall be the policy  
3 of the United States to support bilateral training between  
4 United States and Israeli law enforcement personnel, for  
5 the purpose of sharing of best practices relating to anti-  
6 terrorism, community policing, and managing mass cas-  
7 ualties.

8 (b) SENSE OF CONGRESS.—It is the sense of Con-  
9 gress that—

10 (1) the United States supports the inclusion of  
11 Israel in the International Law Enforcement Acad-  
12 emy in Europe; and

13 (2) the Secretary of State should support  
14 projects in the Middle East through the Inter-  
15 national Narcotics Control and Law Enforcement  
16 program.





**AMENDMENT TO THE AMENDMENT IN THE  
NATURE OF A SUBSTITUTE TO H.R. 5141  
OFFERED BY MR. WILSON OF SOUTH CAROLINA**

Insert after section 201 the following:

1 **SEC. 202. REPORT ON BILATERAL UNITED STATES-ISRAEL**  
2 **COOPERATION ON CYBERSECURITY.**

3 (a) IN GENERAL.—Not later than 180 days after the  
4 date of the enactment of this Act, the President shall  
5 transmit to the Committee on Foreign Affairs of the  
6 House of Representatives and the Committee on Foreign  
7 Relations of the Senate a report on bilateral cybersecurity  
8 cooperation between the United States and Israel, includ-  
9 ing a description of activities conducted pursuant to the  
10 June 21, 2016, cyber defense cooperation agreement, ac-  
11 tivities conducted pursuant to the arrangement announced  
12 on June 26, 2017, and the goals of such agreement and  
13 arrangement.

14 (b) FORM.—The report required under subsection (a)  
15 shall be provided in unclassified form, but may contain  
16 a classified annex.



115TH CONGRESS  
2D SESSION

# H. R. 5433

To require the Secretary of State to design and establish a Vulnerability Disclosure Program (VDP) to improve Department of State cybersecurity and a bug bounty program to identify and report vulnerabilities of internet-facing information technology of the Department of State, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 5, 2018

Mr. TED LIEU of California (for himself and Mr. YOHIO) introduced the following bill; which was referred to the Committee on Foreign Affairs

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## A BILL

To require the Secretary of State to design and establish a Vulnerability Disclosure Program (VDP) to improve Department of State cybersecurity and a bug bounty program to identify and report vulnerabilities of internet-facing information technology of the Department of State, 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 “Hack Your State De-  
5 partment Act”.

1 **SEC. 2. DEFINITIONS.**

2 In this Act:

3 (1) **DEPARTMENT.**—The term “Department”  
4 means the Department of State.

5 (2) **INFORMATION TECHNOLOGY.**—The term  
6 “information technology” has the meaning given  
7 such term in section 11101 of title 40, United  
8 States Code.

9 (3) **SECRETARY.**—The term “Secretary” means  
10 the Secretary of State.

11 **SEC. 3. DEPARTMENT OF STATE VULNERABILITY DISCLO-**  
12 **SURE PROGRAM.**

13 (a) **IN GENERAL.**—Not later than 180 days after the  
14 date of the enactment of this Act, the Secretary shall de-  
15 sign, establish, and make publicly known a Vulnerability  
16 Disclosure Program (VDP) to improve Department cyber-  
17 security by—

18 (1) providing security researchers with clear  
19 guidelines for—

20 (A) conducting vulnerability discovery ac-  
21 tivities directed at Department information  
22 technology; and

23 (B) submitting discovered security  
24 vulnerabilities to the Department; and

1           (2) creating Department procedures and infra-  
2           structure to receive and fix discovered  
3           vulnerabilities.

4           (b) REQUIREMENTS.—In establishing the VDP pur-  
5           suant to paragraph (1), the Secretary shall—

6           (1) identify which Department information  
7           technology should be included in the program;

8           (2) determine whether the program should dif-  
9           ferentiate among and specify the types of security  
10          vulnerabilities that may be targeted;

11          (3) provide a readily available means of report-  
12          ing discovered security vulnerabilities and the form  
13          in which such vulnerabilities should be reported;

14          (4) identify which Department offices and posi-  
15          tions will be responsible for receiving, prioritizing,  
16          and addressing security vulnerability disclosure re-  
17          ports;

18          (5) consult with the Attorney General regarding  
19          how to ensure that approved individuals, organiza-  
20          tions, and companies that comply with the require-  
21          ments of the program are protected from prosecu-  
22          tion under section 1030 of title 18, United States  
23          Code, and similar provisions of law for specific ac-  
24          tivities authorized under the program;

1           (6) consult with the relevant offices at the De-  
2           partment of Defense that were responsible for  
3           launching the 2016 Vulnerability Disclosure Pro-  
4           gram, “Hack the Pentagon”, and subsequent De-  
5           partment of Defense bug bounty programs;

6           (7) engage qualified interested persons, includ-  
7           ing nongovernmental sector representatives, about  
8           the structure of the program as constructive and to  
9           the extent practicable; and

10          (8) award a contract to an entity, as necessary,  
11          to manage the program and implement the remedi-  
12          ation of discovered security vulnerabilities.

13          (c) ANNUAL REPORTS.—Not later than 180 days  
14          after the establishment of the VDP under subsection (a)  
15          and annually thereafter for the next six years, the Sec-  
16          retary of State shall submit to the Committee on Foreign  
17          Affairs of the House of Representatives and the Com-  
18          mittee on Foreign Relations of the Senate a report on the  
19          following with respect to the VDP:

20                (1) The number and severity, in accordance  
21                with the National Vulnerabilities Database of the  
22                National Institute of Standards and Technology, of  
23                security vulnerabilities reported.

24                (2) The number of previously unidentified secu-  
25                rity vulnerabilities remediated as a result.

1           (3) The current number of outstanding pre-  
2           viously unidentified security vulnerabilities and De-  
3           partment of State remediation plans.

4           (4) The average length of time between the re-  
5           porting of security vulnerabilities and remediation of  
6           such vulnerabilities.

7           (5) An estimate of the total cost savings of dis-  
8           covering and addressing security vulnerabilities sub-  
9           mitted through the VDP.

10          (6) The resources, surge staffing, roles, and re-  
11          sponsibilities within the Department used to imple-  
12          ment the VDP and complete security vulnerability  
13          remediation.

14          (7) Any other information the Secretary deter-  
15          mines relevant.

16 **SEC. 4. DEPARTMENT OF STATE BUG BOUNTY PILOT PRO-**  
17 **GRAM.**

18          (a) ESTABLISHMENT OF PILOT PROGRAM.—

19               (1) IN GENERAL.—Not later than one year  
20               after the date of the enactment of this Act, the Sec-  
21               retary shall establish a bug bounty pilot program to  
22               minimize security vulnerabilities of internet-facing  
23               information technology of the Department.

1           (2) REQUIREMENTS.—In establishing the pilot  
2 program described in paragraph (1), the Secretary  
3 shall—

4           (A) provide compensation for reports of  
5 previously unidentified security vulnerabilities  
6 within the websites, applications, and other  
7 internet-facing information technology of the  
8 Department that are accessible to the public;

9           (B) award a contract to an entity, as nec-  
10 essary, to manage such pilot program and for  
11 executing the remediation of security  
12 vulnerabilities identified pursuant to subpara-  
13 graph (A);

14           (C) identify which Department information  
15 technology should be included in such pilot pro-  
16 gram;

17           (D) consult with the Attorney General on  
18 how to ensure that approved individuals, orga-  
19 nizations, or companies that comply with the  
20 requirements of such pilot program are pro-  
21 tected from prosecution under section 1030 of  
22 title 18, United States Code, and similar provi-  
23 sions of law for specific activities authorized  
24 under such pilot program;

1           (E) consult with the relevant offices at the  
2           Department of Defense that were responsible  
3           for launching the 2016 “Hack the Pentagon”  
4           pilot program and subsequent Department of  
5           Defense bug bounty programs;

6           (F) develop a process by which an ap-  
7           proved individual, organization, or company can  
8           register with the entity referred to in subpara-  
9           graph (B), submit to a background check as de-  
10          termined by the Department, and receive a de-  
11          termination as to eligibility for participation in  
12          such pilot program; and

13          (G) engage qualified interested persons, in-  
14          cluding nongovernmental sector representatives,  
15          about the structure of such pilot program as  
16          constructive and to the extent practicable.

17          (b) REPORT.—Not later than 90 days after the date  
18          on which the bug bounty pilot program under subsection  
19          (a) is completed, the Secretary shall submit to the Com-  
20          mittee on Foreign Relations of the Senate and the Com-  
21          mittee on Foreign Affairs of the House of Representatives  
22          a report on such pilot program, including information re-  
23          lating to—

24                 (1) the number of approved individuals, organi-  
25                 zations, or companies involved in such pilot pro-



1       gram, broken down by the number of approved indi-  
2       viduals, organizations, or companies that—

3               (A) registered;

4               (B) were approved;

5               (C) submitted security vulnerabilities; and

6               (D) received compensation;

7               (2) the number and severity, in accordance with  
8       the National Vulnerabilities Database of the Na-  
9       tional Institute of Standards and Technology, of se-  
10      curity vulnerabilities reported as part of such pilot  
11      program;

12              (3) the number of previously unidentified secu-  
13      rity vulnerabilities remediated as a result of such  
14      pilot program;

15              (4) the current number of outstanding pre-  
16      viously unidentified security vulnerabilities and De-  
17      partment remediation plans;

18              (5) the average length of time between the re-  
19      porting of security vulnerabilities and remediation of  
20      such vulnerabilities;

21              (6) the types of compensation provided under  
22      such pilot program; and

23              (7) the lessons learned from such pilot pro-  
24      gram.

**AMENDMENT IN THE NATURE OF A SUBSTITUTE  
TO H.R. 5433  
OFFERED BY MR. TED LIEU OF CALIFORNIA**

Strike all after the enacting clause and insert the following:

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Hack Your State De-  
3 partment Act”.

4 **SEC. 2. DEFINITIONS.**

5 In this Act:

6 (1) **BUG BOUNTY PROGRAM.**—The term “bug  
7 bounty program” means a program under which an  
8 approved individual, organization, or company is  
9 temporarily authorized to identify and report  
10 vulnerabilities of internet-facing information tech-  
11 nology of the Department in exchange for compensa-  
12 tion.

13 (2) **DEPARTMENT.**—The term “Department”  
14 means the Department of State.

15 (3) **INFORMATION TECHNOLOGY.**—The term  
16 “information technology” has the meaning given  
17 such term in section 11101 of title 40, United  
18 States Code.

1           (4) SECRETARY.—The term “Secretary” means  
2       the Secretary of State.

3 **SEC. 3. DEPARTMENT OF STATE VULNERABILITY DISCLO-**  
4 **SURE PROCESS.**

5       (a) IN GENERAL.—Not later than 180 days after the  
6 date of the enactment of this Act, the Secretary shall de-  
7 sign, establish, and make publicly known a Vulnerability  
8 Disclosure Process (VDP) to improve Department cyber-  
9 security by—

10           (1) providing security researchers with clear  
11 guidelines for—

12               (A) conducting vulnerability discovery ac-  
13 tivities directed at Department information  
14 technology; and

15               (B) submitting discovered security  
16 vulnerabilities to the Department; and

17           (2) creating Department procedures and infra-  
18 structure to receive and fix discovered  
19 vulnerabilities.

20       (b) REQUIREMENTS.—In establishing the VDP pur-  
21 suant to paragraph (1), the Secretary shall—

22           (1) identify which Department information  
23 technology should be included in the process;

1           (2) determine whether the process should dif-  
2           ferentiate among and specify the types of security  
3           vulnerabilities that may be targeted;

4           (3) provide a readily available means of report-  
5           ing discovered security vulnerabilities and the form  
6           in which such vulnerabilities should be reported;

7           (4) identify which Department offices and posi-  
8           tions will be responsible for receiving, prioritizing,  
9           and addressing security vulnerability disclosure re-  
10          ports;

11          (5) consult with the Attorney General regarding  
12          how to ensure that approved individuals, organiza-  
13          tions, and companies that comply with the require-  
14          ments of the process are protected from prosecution  
15          under section 1030 of title 18, United States Code,  
16          and similar provisions of law for specific activities  
17          authorized under the process;

18          (6) consult with the relevant offices at the De-  
19          partment of Defense that were responsible for  
20          launching the 2016 Vulnerability Disclosure Pro-  
21          gram, “Hack the Pentagon”, and subsequent De-  
22          partment of Defense bug bounty programs;

23          (7) engage qualified interested persons, includ-  
24          ing nongovernmental sector representatives, about

1 the structure of the process as constructive and to  
2 the extent practicable; and

3 (8) award a contract to an entity, as necessary,  
4 to manage the process and implement the remedi-  
5 ation of discovered security vulnerabilities.

6 (c) ANNUAL REPORTS.—Not later than 180 days  
7 after the establishment of the VDP under subsection (a)  
8 and annually thereafter for the next six years, the Sec-  
9 retary of State shall submit to the Committee on Foreign  
10 Affairs of the House of Representatives and the Com-  
11 mittee on Foreign Relations of the Senate a report on the  
12 following with respect to the VDP:

13 (1) The number and severity, in accordance  
14 with the National Vulnerabilities Database of the  
15 National Institute of Standards and Technology, of  
16 security vulnerabilities reported.

17 (2) The number of previously unidentified secu-  
18 rity vulnerabilities remediated as a result.

19 (3) The current number of outstanding pre-  
20 viously unidentified security vulnerabilities and De-  
21 partment of State remediation plans.

22 (4) The average length of time between the re-  
23 porting of security vulnerabilities and remediation of  
24 such vulnerabilities.

1           (5) An estimate of the total cost savings of dis-  
2           covering and addressing security vulnerabilities sub-  
3           mitted through the VDP.

4           (6) The resources, surge staffing, roles, and re-  
5           sponsibilities within the Department used to imple-  
6           ment the VDP and complete security vulnerability  
7           remediation.

8           (7) Any other information the Secretary deter-  
9           mines relevant.

10 **SEC. 4. DEPARTMENT OF STATE BUG BOUNTY PILOT PRO-**  
11 **GRAM.**

12           (a) ESTABLISHMENT OF PILOT PROGRAM.—

13           (1) IN GENERAL.—Not later than one year  
14           after the date of the enactment of this Act, the Sec-  
15           retary shall establish a bug bounty pilot program to  
16           minimize security vulnerabilities of internet-facing  
17           information technology of the Department.

18           (2) REQUIREMENTS.—In establishing the pilot  
19           program described in paragraph (1), the Secretary  
20           shall—

21           (A) provide compensation for reports of  
22           previously unidentified security vulnerabilities  
23           within the websites, applications, and other  
24           internet-facing information technology of the  
25           Department that are accessible to the public;

1 (B) award a contract to an entity, as nec-  
2 essary, to manage such pilot program and for  
3 executing the remediation of security  
4 vulnerabilities identified pursuant to subpara-  
5 graph (A);

6 (C) identify which Department information  
7 technology should be included in such pilot pro-  
8 gram;

9 (D) consult with the Attorney General on  
10 how to ensure that approved individuals, orga-  
11 nizations, or companies that comply with the  
12 requirements of such pilot program are pro-  
13 tected from prosecution under section 1030 of  
14 title 18, United States Code, and similar provi-  
15 sions of law for specific activities authorized  
16 under such pilot program;

17 (E) consult with the relevant offices at the  
18 Department of Defense that were responsible  
19 for launching the 2016 “Hack the Pentagon”  
20 pilot program and subsequent Department of  
21 Defense bug bounty programs;

22 (F) develop a process by which an ap-  
23 proved individual, organization, or company can  
24 register with the entity referred to in subpara-  
25 graph (B), submit to a background check as de-

1           terminated by the Department, and receive a de-  
2           termination as to eligibility for participation in  
3           such pilot program;

4           (G) engage qualified interested persons, in-  
5           cluding nongovernmental sector representatives,  
6           about the structure of such pilot program as  
7           constructive and to the extent practicable; and

8           (H) consult with relevant United States  
9           Government officials to ensure that such pilot  
10          program compliments persistent network and  
11          vulnerability scans of the Department of State's  
12          internet-accessible systems, such as the scans  
13          conducted pursuant to Binding Operational Di-  
14          rective BOD-15-01.

15          (3) DURATION.—The pilot program established  
16          under paragraph (1) should be short-term in dura-  
17          tion and not last longer than one year.

18          (b) REPORT.—Not later than 180 days after the date  
19          on which the bug bounty pilot program under subsection  
20          (a) is completed, the Secretary shall submit to the Com-  
21          mittee on Foreign Relations of the Senate and the Com-  
22          mittee on Foreign Affairs of the House of Representatives  
23          a report on such pilot program, including information re-  
24          lating to—



1           (1) the number of approved individuals, organi-  
2           zations, or companies involved in such pilot pro-  
3           gram, broken down by the number of approved indi-  
4           viduals, organizations, or companies that—

5                   (A) registered;

6                   (B) were approved;

7                   (C) submitted security vulnerabilities; and

8                   (D) received compensation;

9           (2) the number and severity, in accordance with  
10          the National Vulnerabilities Database of the Na-  
11          tional Institute of Standards and Technology, of se-  
12          curity vulnerabilities reported as part of such pilot  
13          program;

14          (3) the number of previously unidentified secu-  
15          rity vulnerabilities remediated as a result of such  
16          pilot program;

17          (4) the current number of outstanding pre-  
18          viously unidentified security vulnerabilities and De-  
19          partment remediation plans;

20          (5) the average length of time between the re-  
21          porting of security vulnerabilities and remediation of  
22          such vulnerabilities;

23          (6) the types of compensation provided under  
24          such pilot program; and

1           (7) the lessons learned from such pilot pro-  
2           gram.

Amend the title so as to read: “A bill to require the Secretary of State to design and establish a Vulnerability Disclosure Process (VDP) to improve Department of State cybersecurity and a bug bounty program to identify and report vulnerabilities of internet-facing information technology of the Department of State, and for other purposes.”.



115TH CONGRESS  
2D SESSION

# H. R. 5535

To amend the State Department Basic Authorities Act of 1956 regarding energy diplomacy and security within the Department of State, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 17, 2018

Mr. McCAUL (for himself and Mr. ENGEL) introduced the following bill; which was referred to the Committee on Foreign Affairs

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## A BILL

To amend the State Department Basic Authorities Act of 1956 regarding energy diplomacy and security within the Department of State, 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 “Energy Diplomacy Act  
5 of 2018”.

1 **SEC. 2. ENERGY DIPLOMACY AND SECURITY WITHIN THE**  
2 **DEPARTMENT OF STATE.**

3 (a) IN GENERAL.—Subsection (c) of section 1 of the  
4 State Department Basic Authorities Act of 1956 (22  
5 U.S.C. 2651a) is amended—

6 (1) by redesignating paragraph (3) as para-  
7 graph (4); and

8 (2) by inserting after paragraph (2) the fol-  
9 lowing new paragraph:

10 “(3) ENERGY RESOURCES.—

11 “(A) AUTHORIZATION FOR ASSISTANT SEC-  
12 RETARY.—Subject to the numerical limitation  
13 specified in paragraph (1), there is authorized  
14 to be established in the Department of State an  
15 Assistant Secretary of State for Energy Re-  
16 sources.

17 “(B) PERSONNEL.—The Secretary of  
18 State shall ensure that there are sufficient per-  
19 sonnel dedicated to energy matters within the  
20 Department of State who shall be responsible  
21 for—

22 “(i) formulating and implementing  
23 international policies aimed at protecting  
24 and advancing United States energy secu-  
25 rity interests by effectively managing  
26 United States bilateral and multilateral re-

1 lations in the fields of petroleum, natural  
2 gas, biofuels, renewable energy, nuclear,  
3 and other energy resources;

4 “(ii) ensuring that analyses of the na-  
5 tional security implications of global en-  
6 ergy and environmental developments are  
7 reflected in the decision making process  
8 within the Department of State;

9 “(iii) incorporating energy security  
10 priorities into the activities of the Depart-  
11 ment of State;

12 “(iv) coordinating energy activities of  
13 the Department of State with relevant  
14 Federal agencies;

15 “(v) working internationally to—

16 “(I) support the development of  
17 energy resources and the distribution  
18 of such resources for the benefit of  
19 the United States and United States  
20 allies and trading partners for their  
21 energy security and economic develop-  
22 ment needs;

23 “(II) promote availability of di-  
24 versified energy supplies and a well-  
25 functioning global market for energy

1 resources, technologies, and expertise  
2 for the benefit of the United States  
3 and United States allies and trading  
4 partners;

5 “(III) resolve international dis-  
6 putes regarding the exploration, devel-  
7 opment, production, or distribution of  
8 energy resources;

9 “(IV) support the economic and  
10 commercial interests of United States  
11 persons operating in the energy mar-  
12 kets of foreign countries; and

13 “(V) support and coordinate  
14 international efforts to alleviate en-  
15 ergy poverty;

16 “(vi) leading the United States com-  
17 mitment to the Extractive Industries  
18 Transparency Initiative;

19 “(vii) coordinating within the Depart-  
20 ment of State and with relevant Federal  
21 departments and agencies on developing  
22 and implementing international energy-re-  
23 lated sanctions; and

24 “(viii) coordinating energy security  
25 and other relevant functions within the De-

1                   partment of State currently undertaken  
2                   by—

3                   “(I) the Bureau of Economic and  
4                   Business Affairs of the Department of  
5                   State;

6                   “(II) the Bureau of Oceans and  
7                   International Environmental and Sci-  
8                   entific Affairs of the Department of  
9                   State; and

10                  “(III) other offices within the  
11                  Department of State.”.

12                  (b) CONFORMING AMENDMENT.—Section 931 of the  
13 Energy Independence and Security Act of 2007 (42  
14 U.S.C. 17371) is amended—

15                  (1) by striking subsections (a) and (b); and

16                  (2) by redesignating subsections (c) and (d) as  
17 subsections (a) and (b), respectively.

**AMENDMENT TO H.R. 5535**

**OFFERED BY MR. KINZINGER OF ILLINOIS**

Page 2, beginning line 23, insert “, in coordination with Secretary of Energy, as appropriate,” after “policies”.





.....  
(Original Signature of Member)

115TH CONGRESS  
2D SESSION

**H. R.** \_\_\_\_\_

To revise and improve authorities relating to international security assistance,  
and for other purposes.

\_\_\_\_\_  
IN THE HOUSE OF REPRESENTATIVES

Mr. ROYCE of California introduced the following bill; which was referred to  
the Committee on \_\_\_\_\_

\_\_\_\_\_  
**A BILL**

To revise and improve authorities relating to international  
security assistance, 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; TABLE OF CONTENTS.**

4 (a) **SHORT TITLE.**—This Act may be cited as the  
5 “International Security Assistance Act of 2018”.

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

Sec. 1. Short title; table of contents.

**TITLE I—MILITARY ASSISTANCE**

- Sec. 101. Modification of purposes for which military sales by the United States are authorized.
- Sec. 102. Return of defense articles.
- Sec. 103. Requirements relating to exemptions for licensing of defense items.
- Sec. 104. Amendment to general provisions.
- Sec. 105. Technical amendments to Arms Export Control Act.
- Sec. 106. Sense of Congress on licensing under United States arms export control programs.
- Sec. 107. Coordination of export controls.
- Sec. 108. Extension of war reserve stockpile authority.
- Sec. 109. Peacekeeping operations and other national security programs.
- Sec. 110. Other amendments to military assistance authorities.
- Sec. 111. Transfer of excess naval vessel to Bahrain.

#### TITLE II—SECURITY ASSISTANCE REFORM

- Sec. 201. List of priority countries for security assistance.
- Sec. 202. Coordinator for security assistance in priority countries.
- Sec. 203. Policies and guidance for regional bureaus of the Department of State.
- Sec. 204. Office for Security Assistance in the Department of State.
- Sec. 205. Database for security assistance.
- Sec. 206. Notification of chief of mission concurrence for support of special operations to combat terrorism.
- Sec. 207. Definitions.

#### TITLE III—MODIFICATIONS OF AUTHORITIES THAT PROVIDE FOR RESCISSION OF DETERMINATIONS OF COUNTRIES AS STATE SPONSORS OF TERRORISM

- Sec. 301. Modifications of authorities that provide for rescission of determinations of countries as state sponsors of terrorism.

## 1 **TITLE I—MILITARY ASSISTANCE**

### 2 **SEC. 101. MODIFICATION OF PURPOSES FOR WHICH MILI-** 3 **TARY SALES BY THE UNITED STATES ARE AU-** 4 **THORIZED.**

5 Section 4 of the Arms Export Control Act (22 U.S.C.  
 6 2754) is amended in the first sentence by striking “inter-  
 7 nal security” and inserting “legitimate internal security  
 8 (including for anti-terrorism purposes)”.

### 9 **SEC. 102. RETURN OF DEFENSE ARTICLES.**

10 Section 21(m)(1)(B) of the Arms Export Control Act  
 11 (22 U.S.C. 2761(m)(1)(B)) is amended—

1 (1) by striking “(B) is not” and inserting  
2 “(B)(i) is not”;

3 (2) by striking “; and” and inserting “; or”;  
4 and

5 (3) by adding at the end the following:

6 “(ii) is significant military equipment (as  
7 defined in section 47(9) of this Act) and the  
8 Secretary of State has provided prior approval  
9 of the return of such defense article from the  
10 foreign country or international organization;  
11 and”.

12 **SEC. 103. REQUIREMENTS RELATING TO EXEMPTIONS FOR**  
13 **LICENSING OF DEFENSE ITEMS.**

14 Section 38(j) of the Arms Export Control Act (22  
15 U.S.C. 2778(j)) is amended—

16 (1) in the subsection heading—

17 (A) by striking “COUNTRY”; and

18 (B) by striking “TO FOREIGN COUN-  
19 TRIES”;

20 (2) in paragraph (1)(A)—

21 (A) in the matter preceding clause (i)—

22 (i) by striking “a foreign country”  
23 and inserting “the North Atlantic Treaty

24 Organization, any member country of that

1 Organization, the Republic of Korea, Aus-  
2 tralia, New Zealand, Japan, or Israel”;

3 (ii) by inserting “(except that the  
4 President may not so exempt such Organi-  
5 zation, member country, or other country  
6 that is not eligible to acquire defense items  
7 under any other provision of law)” after  
8 “with respect to exports of defense items”;  
9 and

10 (iii) by striking “the foreign country”  
11 and inserting “such Organization, member  
12 country, or other country”;

13 (B) in clause (ii)—

14 (i) by striking “the foreign country”  
15 and inserting “such Organization, member  
16 country, or other country”; and

17 (ii) by striking “under their domestic  
18 laws”;

19 (3) in paragraph (2)—

20 (A) in subparagraph (A)—

21 (i) in the matter preceding clause

22 (i)—

23 (I) by striking “, at a min-  
24 imum,”;

1 (II) by striking “the foreign  
2 country” and inserting “the Organiza-  
3 tion, member country, or other coun-  
4 try referred to in paragraph (1)”; and

5 (III) by striking “to revise its  
6 policies and practices, and promulgate  
7 or enact necessary modifications to its  
8 laws and regulations”;

9 (ii) in clause (i), by striking “the for-  
10 eign country” and inserting “such Organi-  
11 zation, member country, or other country”;  
12 and

13 (iii) in clause (ii), by striking “re-  
14 transfer control commitments, including  
15 securing” and inserting “retransfer con-  
16 trols that secure”;

17 (B) in subparagraph (B)—

18 (i) in the matter preceding clause  
19 (i)—

20 (I) by striking “, at a min-  
21 imum,”;

22 (II) by striking “the foreign  
23 country” and inserting “the Organiza-  
24 tion, member country, or other coun-  
25 try referred to in paragraph (1)”; and

1 (III) by striking “to revise its  
2 policies and practices, and promulgate  
3 or enact necessary modifications to its  
4 laws and regulations”; and

5 (ii) in clause (iv), by striking “the for-  
6 eign country” and inserting “the member  
7 country or other country”;

8 (4) in paragraph (3)—

9 (A) in the matter preceding subparagraph  
10 (A), by striking “a foreign country” and insert-  
11 ing “the Organization, member country, or  
12 other country referred to in paragraph (1)”;

13 (B) in subparagraph (A), by striking “that  
14 foreign country” and inserting “such Organiza-  
15 tion, member country, or other country”;

16 (C) in subparagraph (B)—

17 (i) by striking “the foreign country”  
18 and inserting “such Organization, member  
19 country, or other country”; and

20 (ii) by striking “has promulgated or  
21 enacted all necessary modifications to its  
22 laws and regulations to comply” and in-  
23 serting “has taken such actions to com-  
24 ply”; and

25 (D) in subparagraph (C)—

1 (i) by striking “a foreign country”  
2 and inserting “such Organization, member  
3 country, or other country”; and

4 (ii) by striking “that country” and in-  
5 serting “such Organization, member coun-  
6 try, or other country”; and

7 (5) in paragraph (4)(A), by adding at the end  
8 before the period the following: “that are not signifi-  
9 cant military equipment, or otherwise classified  
10 under section 121.1 of title 22, Code of Federal  
11 Regulations, or contained on the list of items con-  
12 trolled for reasons of missile technology under sec-  
13 tion 71 of this Act”.

14 **SEC. 104. AMENDMENT TO GENERAL PROVISIONS.**

15 Section 42(a) of the Arms Export Control Act (22  
16 U.S.C. 2791(a)) is amended in the first sentence by insert-  
17 ing “on a competitive basis” after “procurement in the  
18 United States”.

19 **SEC. 105. TECHNICAL AMENDMENTS TO ARMS EXPORT**  
20 **CONTROL ACT.**

21 (a) AMENDMENTS RELATING TO SALES FROM  
22 STOCKS.—Section 21(e)(3) of the Arms Export Control  
23 Act (22 U.S.C. 2761(e)(3)) is amended—

24 (1) in subparagraph (A)—

1 (A) in the matter preceding clause (i), by  
2 striking “North Atlantic Treaty Organization  
3 (NATO) Support Organization” and inserting  
4 “North Atlantic Treaty Organization (NATO)  
5 Support and Procurement Organization”; and

6 (B) in clause (i), by striking “support  
7 partnership agreement” and inserting “support  
8 or procurement partnership agreement”; and

9 (2) in subparagraph (C)(i), in the matter pre-  
10 ceding subclause (I)—

11 (A) by striking “North Atlantic Treaty Or-  
12 ganization (NATO) Support Organization” and  
13 inserting “North Atlantic Treaty Organization  
14 (NATO) Support and Procurement Organiza-  
15 tion”; and

16 (B) by striking “weapon system partner-  
17 ship agreement” and inserting “support or pro-  
18 curement partnership agreement”.

19 (b) AMENDMENTS RELATING TO REPORTS.—Section  
20 36(b)(6) of the Arms Export Control Act (22 U.S.C.  
21 2776(b)(6)) is amended by inserting “the North Atlantic  
22 Treaty Organization or” before “a member country”.



1 **SEC. 106. SENSE OF CONGRESS ON LICENSING UNDER**  
2 **UNITED STATES ARMS EXPORT CONTROL**  
3 **PROGRAMS.**

4 It is the sense of Congress that, in implementing re-  
5 forms of United States arms export control programs, the  
6 President should prioritize the development of a new  
7 framework to improve and streamline licensing under such  
8 programs, including by seeking to revise the Special Com-  
9 prehensive Export Authorizations for the North Atlantic  
10 Treaty Organization, any member country of that Organi-  
11 zation, or any other country described in section  
12 36(e)(2)(A) of the Arms Export Control Act (22 U.S.C.  
13 2776(e)(2)(A)) under section 126.14 of title 15, Code of  
14 Federal Regulations (relating to the International Traffic  
15 in Arms Regulations).

16 **SEC. 107. COORDINATION OF EXPORT CONTROLS.**

17 (a) **IN GENERAL.**—The delegation of functions by the  
18 President under the Arms Export Control Act (22 U.S.C.  
19 2751 et seq.) to the Secretary of State should be exercised  
20 in a manner so as to achieve effective coordination with  
21 the export authorities exercised by the heads of other Fed-  
22 eral departments and agencies, particularly the Secretary  
23 of Commerce.

24 (b) **SENSE OF CONGRESS.**—

25 (1) **IN GENERAL.**—It is the sense of Congress  
26 that, in order to achieve the effective coordination

1 described in subsection (a), the Secretary of State  
2 and the Secretary of Commerce should regularly  
3 work to—

4 (A) reduce the complexity of the export  
5 control authorities exercised by each Secretary;  
6 and

7 (B) coordinate the exercise of such export  
8 control authorities with respect to items de-  
9 scribed in paragraph (2) in order to reduce as  
10 much unnecessary administrative burden as  
11 possible.

12 (2) ITEMS DESCRIBED.—The items described in  
13 this paragraph are—

14 (A) items exported, reexported, or trans-  
15 ferred to third parties;

16 (B) items exported, reexported, trans-  
17 ferred, or returned to the United States in con-  
18 nection with foreign military sales under chap-  
19 ter 2 of the Arms Export Control Act (22  
20 U.S.C. 2761 et seq.), including—

21 (i) defense articles that are not des-  
22 ignated on the United States Munitions  
23 List; and

24 (ii) items subject to the Export Ad-  
25 ministration Regulations; and

1 (C) items designated on the United States  
2 Munitions List.

3 **SEC. 108. EXTENSION OF WAR RESERVE STOCKPILE AU-**  
4 **THORITY.**

5 (a) DEPARTMENT OF DEFENSE APPROPRIATIONS  
6 ACT, 2005.—Section 12001(d) of the Department of De-  
7 fense Appropriations Act, 2005 (Public Law 108–287;  
8 118 Stat. 1011) is amended by striking “2018” and in-  
9 serting “2019”.

10 (b) STOCKPILING OF DEFENSE ARTICLES FOR FOR-  
11 EIGN COUNTRIES.—Section 514(b)(2)(A) of the Foreign  
12 Assistance Act of 1961 (22 U.S.C. 2321h(b)(2)(A)) is  
13 amended by striking “and 2018” and inserting “2018,  
14 and 2019”.

15 **SEC. 109. PEACEKEEPING OPERATIONS AND OTHER NA-**  
16 **TIONAL SECURITY PROGRAMS.**

17 (a) AUTHORITY.—

18 (1) IN GENERAL.—Section 551 of the Foreign  
19 Assistance Act of 1961 (22 U.S.C. 2348) is amend-  
20 ed—

21 (A) in the first sentence, by striking “The  
22 President” and inserting “(a) The President”;  
23 and

24 (B) by adding at the end the following:

1       “(b) Assistance authorized to be appropriated under  
2 this chapter may also be used to provide assistance to en-  
3 hance the capacity of foreign civilian security forces, in-  
4 cluding gendarmes, including to participate in peace-  
5 keeping operations.

6       “(c) Assistance authorized to be appropriated under  
7 this chapter to provide assistance to friendly countries for  
8 purposes other than support for multilateral peacekeeping  
9 operations shall be subject to the requirements of section  
10 36 of the Arms Export Control Act (22 U.S.C. 2776).”.

11           (2) DISARMAMENT AND REINTEGRATION.—

12           (A) IN GENERAL.—Notwithstanding any  
13 other provision of law, funds authorized to be  
14 appropriated under any provision of law for  
15 peacekeeping operations may be made available  
16 to support programs to disarm, demobilize, and  
17 reintegrate into civilian society former members  
18 of foreign terrorist organizations.

19           (B) CONSULTATION.—The Secretary of  
20 State shall consult with the appropriate con-  
21 gressional committees prior to obligating or ex-  
22 pending funds pursuant to this any provision of  
23 law described in subparagraph (A).

24           (C) DEFINITION.—In this paragraph, the  
25 term “foreign terrorist organization” means an

1 organization designated as a terrorist organiza-  
 2 tion under section 219(a) of the Immigration  
 3 and Nationality Act (8 U.S.C. 1189(a)).

4 (e) NOTIFICATION.—The Secretary of State shall no-  
 5 tify the Committee on Foreign Affairs of the House of  
 6 Representatives and the Committee on Foreign Relations  
 7 of the Senate at least 15 days prior to obligating funds  
 8 under any provision of law for peacekeeping operations.

9 (d) CONFORMING AMENDMENT.—The heading for  
 10 chapter 6 of part II of the Foreign Assistance Act of 1961  
 11 (22 U.S.C. 2348 et seq.) is amended by adding at the end  
 12 the following: “AND OTHER NATIONAL SECURITY PRO-  
 13 GRAMS”.

14 **SEC. 110. OTHER AMENDMENTS TO MILITARY ASSISTANCE**  
 15 **AUTHORITIES.**

16 The Foreign Assistance Act of 1961 is amended as  
 17 follows:

18 (1) In section 506(b)(2) (22 U.S.C.  
 19 2318(b)(2)), by striking “a report” and inserting “a  
 20 report on an annual basis”.

21 (2) In section 516 (22 U.S. C. 2321j)—

22 (A) in subsection (a), by striking “coun-  
 23 tries” and inserting “countries, regional organi-  
 24 zations, and international organizations”;

1 (B) in subsection (b)(1)(E), by striking  
2 “countries” and inserting “countries, regional  
3 organizations, and international organizations”;

4 (C) in subsection (c)—

5 (i) in paragraph (1), by striking “re-  
6 cipient country” and inserting “recipient  
7 country or organization”; and

8 (ii) in paragraph (2), by striking  
9 “other countries” and inserting “other  
10 countries or organizations”;

11 (D) in subsection (f)(2)—

12 (i) in subparagraph (A), by striking  
13 “country” and inserting “country or orga-  
14 nization”; and

15 (ii) in subparagraph (C), by striking  
16 “countries” and inserting “countries or or-  
17 ganizations”; and

18 (E) in subsection (h), by striking “coun-  
19 try” and inserting “country and organization”.

20 (3) In section 622(e) of the Foreign Assistance  
21 Act of 1961 (22 U.S.C. 2382(e)), by inserting “law  
22 enforcement and justice sector assistance,” before  
23 “military assistance,”.

1           (4) In section 656(a)(1) (22 U.S.C.  
2       2416(a)(1)), by striking “January 31” and inserting  
3       “March 1”.

4 **SEC. 111. TRANSFER OF EXCESS NAVAL VESSEL TO BAH-**  
5           **RAIN.**

6       (a) **TRANSFER BY SALE.**—The President is author-  
7 ized to transfer to the Government of Bahrain the OLI-  
8 VER HAZARD PERRY class guided missile frigate USS  
9 ROBERT G. BRADLEY (FFG-49) on a sale basis under  
10 section 21 of the Arms Export Control Act (22 U.S.C.  
11 2761).

12       (b) **COSTS OF TRANSFER.**—Any expense incurred by  
13 the United States in connection with the transfer author-  
14 ized by this section shall be charged to the Government  
15 of Bahrain notwithstanding section 516(e) of the Foreign  
16 Assistance Act of 1961 (22 U.S.C. 2321j(e)).

17       (c) **REPAIR AND REFURBISHMENT IN UNITED**  
18 **STATES SHIPYARDS.**—To the maximum extent prac-  
19 ticable, the President shall require, as a condition of the  
20 transfer of a vessel under this section, that the Govern-  
21 ment of Bahrain have such repair or refurbishment of the  
22 vessel as is needed, before the vessel joins the naval forces  
23 of that country, performed at a shipyard located in the  
24 United States, including a United States Navy shipyard.

1 (d) EXPIRATION OF AUTHORITY.—The authority to  
2 transfer a vessel under this section shall expire at the end  
3 of the three-year period beginning on the date of the en-  
4 actment of this Act.

5 **TITLE II—SECURITY**  
6 **ASSISTANCE REFORM**

7 **SEC. 201. LIST OF PRIORITY COUNTRIES FOR SECURITY AS-**  
8 **SISTANCE.**

9 (a) SENSE OF CONGRESS.—It is the sense of Con-  
10 gress that United States security assistance is a critically  
11 important tool of United States foreign policy and the Sec-  
12 retary of State, acting under the direction of the Presi-  
13 dent, should set foreign security assistance policy prior-  
14 ities related to United States security assistance.

15 (b) LIST.—The Secretary of State, in consultation  
16 with the Secretary of Defense and the heads of other ap-  
17 propriate Federal departments and agencies, shall include  
18 in the annual congressional budget justification of the De-  
19 partment of State a list that—

20 (1) those foreign countries identified by the  
21 Secretary of State as priority countries to receive se-  
22 curity assistance; and

23 (2) indicates for each country identified under  
24 paragraph (1) the policy objectives that the Sec-



1       retary of State seeks to achieve with respect to the  
2       provision of such assistance.

3 **SEC. 202. COORDINATOR FOR SECURITY ASSISTANCE IN**  
4                   **PRIORITY COUNTRIES.**

5       (a) **IN GENERAL.**—The Secretary of State shall des-  
6       ignate an appropriately senior individual or individuals as-  
7       signed to an appropriate diplomatic or consular post in  
8       each foreign country identified on the list required under  
9       section 201(b) to be responsible for—

10           (1) tracking, reporting on, and coordinating se-  
11       curity assistance and related policy for the foreign  
12       country; and

13           (2) assisting in and ensuring implementation of  
14       section 620M of the Foreign Assistance Act of 1961  
15       (22 U.S.C. 2378d) and section 362 of title 10,  
16       United States Code.

17       (b) **TRAINING.**—

18           (1) **IN GENERAL.**—The Secretary of State shall  
19       ensure that each individual designated under sub-  
20       section (a) receives the specialized training described  
21       in paragraph (2) to prepare such individual to carry  
22       out the duties described in paragraphs (1) and (2)  
23       of subsection (a).

24           (2) **TRAINING DESCRIBED.**—The Secretary of  
25       State shall establish curriculum at the George P.

1 Schultz National Foreign Affairs Training Center to  
2 provide specialized training for individuals des-  
3 ignated under subsection (a) to develop policy exper-  
4 tise relating to security assistance, including—

5 (A) awareness of the full range of agencies,  
6 offices, personnel, congressional authorities and  
7 funds, and programs involved in security assist-  
8 ance and the respective decision-making  
9 timelines;

10 (B) familiarity with models of military and  
11 police security force systems and basic knowl-  
12 edge of structures and forces of the region to  
13 which the individual is deployed; and

14 (C) familiarity with security assistance re-  
15 form and United States interagency and exter-  
16 nal resources and experts.

17 (3) COORDINATION.—The curriculum estab-  
18 lished pursuant to paragraph (2) should be provided  
19 in coordination with the Defense Security Coopera-  
20 tion Agency's Defense Institute of Security Coopera-  
21 tion Studies.

22 **SEC. 203. POLICIES AND GUIDANCE FOR REGIONAL BU-**  
23 **REAUS OF THE DEPARTMENT OF STATE.**

24 (a) POLICIES AND GUIDANCE.—The Secretary of  
25 State shall establish policies and guidance for each re-

1 gional bureau of the Department of State to coordinate  
2 security assistance and related policy for foreign countries  
3 identified on the list required under section 201(b).

4 (b) COORDINATOR FOR REGIONAL BUREAU.—

5 (1) IN GENERAL.—The assistant secretary for  
6 each regional bureau of the Department of State  
7 should designate an individual who is an officer of  
8 the regional bureau to be responsible for coordi-  
9 nating security assistance and related policy within  
10 the responsibilities of such regional bureau, includ-  
11 ing the integration of the foreign security assistance  
12 policy priorities established by the Secretary of  
13 State, acting under the direction of the President.

14 (2) TRAINING.—The assistant secretary for  
15 each regional bureau of the Department of State  
16 should ensure that each individual designated under  
17 paragraph (1) for such regional bureau receives the  
18 specialized training described in section 2(b) to pre-  
19 pare such individual to carry out the duties de-  
20 scribed in paragraph (1).

21 **SEC. 204. OFFICE FOR SECURITY ASSISTANCE IN THE DE-**  
22 **PARTMENT OF STATE.**

23 (a) DESIGNATION.—The Secretary of State shall des-  
24 ignate an office in the Department of State, to be known

1 as the Office for Security Assistance, to serve as a central  
2 coordinating point for security assistance.

3 (b) PERSONNEL.—The Office of Security Assistance  
4 should include knowledgeable personnel who, as necessary,  
5 are detailed from within the Department of State's rel-  
6 evant functional bureaus and personnel from the United  
7 States Agency for International Development and other  
8 relevant Federal departments and agencies.

9 (c) DUTIES.—The Office for Security Assistance  
10 shall—

11 (1) create, respond to, and coordinate security  
12 assistance strategies and plans, particularly in sup-  
13 port of development of interagency country strate-  
14 gies by United States embassies and regular plan-  
15 ning by regional bureaus of the Department of  
16 State;

17 (2) maintain awareness of security assistance  
18 programs administered by the Department of State,  
19 the United States Agency for International Develop-  
20 ment, and other Federal departments and agencies,  
21 including managing the Department of State's re-  
22 view and concurrence process under section 333 of  
23 title 10, United States Code.

1           (3) convene appropriate offices and personnel  
2           required for working-level interagency coordination;  
3           and

4           (4) ensure awareness of and making use of best  
5           practices in the design, implementation, monitoring  
6           and evaluation of security assistance.

7           (d) EXCEPTION.—The requirements of this section  
8           shall not apply if the Secretary of State certifies to the  
9           Committee on Foreign Affairs of the House of Representa-  
10          tives and the Committee on Foreign Relations of the Sen-  
11          ate that the Department of State has established an alter-  
12          native mechanism for the effective coordination of security  
13          assistance. Such certification shall describe such alter-  
14          native mechanism to achieve the objectives described in  
15          this section.

16   **SEC. 205. DATABASE FOR SECURITY ASSISTANCE.**

17          (a) IN GENERAL.—The President should seek to en-  
18          sure that the Department of State, the Department of De-  
19          fense, and other appropriate Federal agencies are able to  
20          share a common database of information that permits the  
21          identification of security assistance programs and funding  
22          by country.

23          (b) GAO REPORT.—Not later than one year after the  
24          date of the enactment of this Act, the Comptroller General  
25          of the United States shall submit to the appropriate con-

1 gressional committees a report that assesses existing bar-  
2 riers to data sharing and exchanges that would assist in  
3 planning, assessing, and tracking security assistance.

4 **SEC. 206. NOTIFICATION OF CHIEF OF MISSION CONCUR-**  
5 **RENCE FOR SUPPORT OF SPECIAL OPER-**  
6 **ATIONS TO COMBAT TERRORISM.**

7 (a) IN GENERAL.—The Secretary of State shall pro-  
8 vide to the Committee on Foreign Affairs of the House  
9 of Representatives and the Committee on Foreign Rela-  
10 tions of the Senate written notice when a chief of mission  
11 has exercised concurrence with respect to the exercise of  
12 authority to provide support of special operations to com-  
13 bat terrorism, including, at a minimum, identification of  
14 the relevant country.

15 (b) BRIEFINGS.—Upon the request of a committee  
16 specified in subsection (a), the Secretary of State shall  
17 provide to such committee a briefing regarding matters  
18 within the competence of the Department of State related  
19 to the concurrence described in such subsection.

20 **SEC. 207. DEFINITIONS.**

21 In this title:

22 (1) APPROPRIATE CONGRESSIONAL COMMIT-  
23 TEES.—The term “appropriate congressional com-  
24 mittees” means—

1 (A) means the Committee on Appropria-  
2 tions, the Committee on Armed Services, and  
3 the Committee on Foreign Affairs of the House  
4 of Representatives; and

5 (B) the Committee on Appropriations, the  
6 Committee on Armed Services, and the Com-  
7 mittee on Foreign Relations of the Senate.

8 (2) SECURITY ASSISTANCE.—The term “secu-  
9 rity assistance” means—

10 (A) assistance under chapter 8 (relating to  
11 international narcotics control) of part I of the  
12 Foreign Assistance Act of 1961;

13 (B) assistance under chapter 2 (military  
14 assistance), chapter 5 (international military  
15 education and training), chapter 6 (peace-  
16 keeping operations), chapter 8 (antiterrorism  
17 assistance), and chapter 9 (nonproliferation and  
18 export control assistance) of part II of the For-  
19 eign Assistance Act of 1961;

20 (C) assistance under section 23 of the  
21 Arms Export Control Act (relating to the For-  
22 eign Military Financing program); or

23 (D) sales of defense articles or defense  
24 services, extensions of credits (including partici-

1           pations in credits), and guaranties of loans  
2           under the Arms Export Control Act.

3 **TITLE III—MODIFICATIONS OF**  
4 **AUTHORITIES THAT PROVIDE**  
5 **FOR RESCISSION OF DETER-**  
6 **MINATIONS OF COUNTRIES**  
7 **AS STATE SPONSORS OF TER-**  
8 **RORISM**

9 **SEC. 301. MODIFICATIONS OF AUTHORITIES THAT PROVIDE**  
10 **FOR RESCISSION OF DETERMINATIONS OF**  
11 **COUNTRIES AS STATE SPONSORS OF TER-**  
12 **RORISM.**

13       (a) **PROHIBITION ON ASSISTANCE TO GOVERNMENTS**  
14 **SUPPORTING INTERNATIONAL TERRORISM.**—Section  
15 620A of the Foreign Assistance Act of 1961 (22 U.S.C.  
16 2371) is amended—

17           (1) in subsection (c)(2)—

18               (A) in the matter preceding subparagraph  
19               (A), by striking “45 days” and inserting “90  
20               days”; and

21               (B) in subparagraph (A), by striking “6-  
22               month period” and inserting “24-month pe-  
23               riod”;

24           (2) by redesignating subsection (d) as sub-  
25           section (e);



1           (3) by inserting after subsection (c) the fol-  
2     lowing:

3           “(d) DISAPPROVAL OF RESCISSION.—No rescission  
4     under subsection (c)(2) of a determination under sub-  
5     section (a) with respect to the government of a country  
6     may be made if the Congress, within 90 days after receipt  
7     of a report under subsection (c)(2), enacts a joint resolu-  
8     tion described in subsection (f)(2) of section 40 of the  
9     Arms Export Control Act with respect to a rescission  
10    under subsection (f)(1) of such section of a determination  
11    under subsection (d) of such section with respect to the  
12    government of such country.”;

13           (4) in subsection (e) (as redesignated), in the  
14     matter preceding paragraph (1), by striking “may  
15     be” and inserting “may, on a case-by-case basis,  
16     be”; and

17           (5) by adding at the end the following new sub-  
18     section:

19           “(f) NOTIFICATION AND BRIEFING.—Not later  
20     than—

21           “(1) ten days after initiating a review of the ac-  
22     tivities of the government of the country concerned  
23     within the 24-month period referred to in subsection  
24     (c)(2)(A), the President, acting through the Sec-  
25     retary of State, shall notify the Committee on For-

1        eign Affairs of the House of Representatives and the  
2        Committee on Foreign Relations of the Senate of  
3        such initiation; and

4            “(2) 20 days after the notification described in  
5        paragraph (1), the President, acting through the  
6        Secretary of State, shall brief such committees on  
7        the status of such review.”.

8        (b) ARMS EXPORT CONTROL ACT.—Section 40 of the  
9        Arms Export Control Act (22 U.S.C. 2780) is amended—

10            (1) in subsection (f)—

11                    (A) in paragraph (1)(B)—

12                            (i) in the matter preceding clause (i),  
13                            by striking “45 days” and inserting “90  
14                            days”; and

15                            (ii) in clause (i), by striking “6-month  
16                            period” and inserting “24-month period”;  
17                            and

18                    (B) in paragraph (2)—

19                            (i) in subparagraph (A), by striking  
20                            “45 days” and inserting “90 days”; and

21                            (ii) in subparagraph (B), by striking  
22                            “45-day period” and inserting “90-day pe-  
23                            riod”;

1           (2) in subsection (g), in the matter preceding  
2 paragraph (1), by striking “may waive” and insert-  
3 ing “may, on a case-by-case basis, waive”;

4           (3) by redesignating subsection (l) as subsection  
5 (m); and

6           (4) by inserting after subsection (k) the fol-  
7 lowing new subsection:

8           “(1) NOTIFICATION AND BRIEFING.—Not later  
9 than—

10           “(1) ten days after initiating a review of the ac-  
11 tivities of the government of the country concerned  
12 within the 24-month period referred to in subsection  
13 (f)(1)(B)(i), the President, acting through the Sec-  
14 retary of State, shall notify the Committee on For-  
15 eign Affairs of the House of Representatives and the  
16 Committee on Foreign Relations of the Senate of  
17 such initiation; and

18           “(2) 20 days after the notification described in  
19 paragraph (1), the President, acting through the  
20 Secretary of State, shall brief such committees on  
21 the status of such review.”.

**AMENDMENT TO H.R. 5677**  
**OFFERED BY MR. ENGEL OF NEW YORK**

At the end of title I, add the following new section:

1 **SEC. \_\_. APPLICATION AND ADMINISTRATION OF CERTAIN**  
2 **EXPORT LAWS TO COUNTRIES DESIGNATED**  
3 **AS MAJOR DEFENSE PARTNERS OF THE**  
4 **UNITED STATES.**

5 (a) **IN GENERAL.**—The President may, for the period  
6 described in subsection (c), include countries designated  
7 as major defense partners of the United States as a coun-  
8 try listed in the provisions of law described in subsection  
9 (b) for the purposes of applying and administering such  
10 provisions of law, if the President notifies the appropriate  
11 congressional committees in writing at least 30 days be-  
12 fore so including a major defense partner as such country  
13 for such purposes.

14 (b) **PROVISIONS OF LAW.**—The provisions of law de-  
15 scribed in this subsection are—

16 (1) subsections (b)(2), (d)(2)(B), (d)(3)(A)(i),  
17 and (d)(5) of section 3 of the Arms Export Control  
18 Act (22 U.S.C. 2753);

19 (2) subsections (c)(2)(A), (h)(1)(A), and (h)(2)  
20 of section 21 of such Act (22 U.S.C. 2761);

1           (3) subsections (b)(1), (b)(2), (b)(6), (c)(2)(A),  
2           and (d)(2)(A) of section 36 of such Act (22 U.S.C.  
3           2776);

4           (4) section 62(c)(1) of such Act (22 U.S.C.  
5           2796a(c)(1)); and

6           (5) section 63(a)(2) of such Act (22 U.S.C.  
7           2796b(a)(2)).

8           (c) PERIOD OF APPLICATION.—Countries designated  
9           as major defense partners may be included in the list of  
10           countries described in subsection (b) for a period of not  
11           more than 5 years. Such period may be renewed for one  
12           or more subsequent periods of not more than 5 years if  
13           the President determines, with respect to each such re-  
14           newal, that it is in the national interest of the United  
15           States to renew such period and notifies the appropriate  
16           congressional committees of such determination before the  
17           period to be renewed expires.



**AMENDMENT TO H.R. 5677**  
**OFFERED BY MR. TED LIEU OF CALIFORNIA**

In section 110 of the bill—

(1) redesignate paragraphs (3) and (4) as paragraphs (4) and (5), respectively; and

(2) insert after paragraph (2) the following new paragraph:

1           (3) In section 620M (22 U.S.C. 2378d)—

2                   (A) in subsection (d)(7), by striking “to  
3           the maximum extent practicable” and inserting  
4           “unless such disclosure would endanger the  
5           safety of human sources or reveal sensitive in-  
6           telligence sources and methods”; and

7                   (B) by adding at the end the following new  
8           subsection:

9           “(e) REPORT.—

10                   “(1) IN GENERAL.—Not later than January 31  
11           of each year, the Secretary of State shall submit to  
12           the Committee on Foreign Relations of the Senate,  
13           the Committee on Foreign Affairs of the House of  
14           Representatives, and the Committees on Appropria-  
15           tions, a report on the vetting process of units of se-

1 security forces of foreign countries established to com-  
2 ply with this section.

3 “(2) MATTERS TO BE INCLUDED.—The report  
4 required under paragraph (1) shall include the fol-  
5 lowing:

6 “(A) The total number of units submitted  
7 for vetting during the prior calendar year, and  
8 the number of such units that were approved,  
9 suspended, or rejected for human rights rea-  
10 sons.

11 “(B) The name of such units rejected dur-  
12 ing the prior calendar year and a description of  
13 the steps taken to assist the government of the  
14 foreign country in bringing the responsible  
15 members of such units to justice, in accordance  
16 with subsection (c).

17 “(C) An updated list of the units with re-  
18 spect to which no assistance is to be furnished  
19 pursuant to subsection (a).”.



**AMENDMENT TO H.R. 5677****OFFERED BY MR. ROYCE OF CALIFORNIA**

Strike subparagraph (A) of section 107(b)(2) (and redesignate subsequent subparagraphs accordingly).

In subsection (c) of section 551 of the Foreign Assistance Act of 1961, as proposed to be added by section 109(a)(1)(B), insert “certification” before “requirements”.

In section 201(b), strike “in consultation with the Secretary of Defense and the heads of other appropriate departments and agencies” and insert “in order to foster strategic clarity and improved interagency collaboration in United States security assistance”.

In section 202(a), insert “, as necessary,” after “The Secretary of State shall”.

In section 203(a), strike “shall” and insert “should”.

In the heading for section 204, strike “**OFFICE FOR**” and insert “**COORDINATING**”.

In section 204(a)—

- (1) strike “shall” and insert “should”; and



(2) strike “an office” and insert “a coordination group”.

In section 204(b), strike “The Office of Security Assistance should include knowledgeable personnel who, as necessary, are detailed” and insert “The participants in the coordination group should include knowledgeable personnel, who, as necessary, are”.

In section 204(c), strike “Office for Security Assistance shall” and insert “coordination group should”.

In section 204(c)(1), strike “create, respond to,” and insert “help develop”.

Strike subsection (d) of section 204.



**AMENDMENT TO H.R. 5677**  
**OFFERED BY MR. YOHO OF FLORIDA**

At the end of title I, add the following new section:

1 **SEC. 1 . REPEAL OF REPORTS.**

2 (a) REPEAL OF ANNUAL REPORT ON WORLD MILI-  
 3 TARY EXPENDITURES AND ARMS TRANSFERS.—Section  
 4 404 of the Arms Control and Disarmament Act (22  
 5 U.S.C. 2593b) is hereby repealed.

6 (b) REPEAL OF ANNUAL REPORT RELATING TO THE  
 7 COMMISSION ON SECURITY AND COOPERATION IN EU-  
 8 ROPE.—Section 5 of the Act entitled “An Act to establish  
 9 a Commission on Security and Cooperation in Europe”  
 10 (22 U.S.C. 3005) is hereby repealed.

11 (c) REPEAL OF REPORT ON ASSISTANCE RELATING  
 12 TO INTERNATIONAL TERRORISM.—Section 502 of the  
 13 International Security and Development Cooperation Act  
 14 of 1985 (22 U.S.C. 2349aa-7) is amended—

15 (1) by striking subsection (b); and

16 (2) by redesignating subsection (c) as sub-  
 17 section (b).



.....  
(Original Signature of Member)

115TH CONGRESS  
2D SESSION

**H. R.** \_\_\_\_\_

To amend the National Defense Authorization Act for Fiscal Year 2017 to clarify certain responsibilities of the Global Engagement Center of the Department of State, and for other purposes.

\_\_\_\_\_  
IN THE HOUSE OF REPRESENTATIVES

Mr. SCHNEIDER introduced the following bill; which was referred to the Committee on \_\_\_\_\_

\_\_\_\_\_  
**A BILL**

To amend the National Defense Authorization Act for Fiscal Year 2017 to clarify certain responsibilities of the Global Engagement Center of the Department of State, 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 “Global Engagement  
5 Center Authorities Act of 2018”.

1 **SEC. 2. GLOBAL ENGAGEMENT CENTER.**

2 Section 1287 of the National Defense Authorization  
3 Act for Fiscal Year 2017 (22 U.S.C. 2656 note) is amend-  
4 ed—

5 (1) by amending paragraph (2) of subsection  
6 (a) to read as follows:

7 “(2) PURPOSE.—The purpose of the Center  
8 shall be to direct, lead, synchronize, integrate, and  
9 coordinate efforts of the Federal Government to rec-  
10 ognize, understand, expose, and counter foreign  
11 state and non-state propaganda and disinformation  
12 efforts aimed at undermining or influencing the poli-  
13 cies, security, or stability of the United States and  
14 United States allies and partner nations.”;

15 (2) in subsection (b)—

16 (A) by amending paragraph (1) to read as  
17 follows:

18 “(1) Direct, lead, synchronize, integrate, and  
19 coordinate interagency and international efforts to  
20 track and evaluate counterfactual narratives abroad  
21 that threaten the policies, security, or stability of the  
22 United States and United States allies and partner  
23 nations.”;

24 (B) by amending paragraph (4) to read as  
25 follows:

1           “(4) Identify current and emerging trends in  
2 foreign propaganda and disinformation in order to  
3 coordinate and shape the development of tactics,  
4 techniques, and procedures to expose and refute for-  
5 eign propaganda and disinformation, and pro-ac-  
6 tively support the promotion of credible, fact-based  
7 narratives and policies to audiences outside the  
8 United States.”;

9           (C) by redesignating paragraphs (6)  
10 through (10) as paragraphs (7) through (11),  
11 respectively;

12           (D) by inserting after paragraph (5) the  
13 following new paragraph:

14           “(6) Measure and evaluate the activities of the  
15 Center, including the outcomes of such activities,  
16 and implement mechanisms to ensure activities of the  
17 Center are updated to reflect the results of such  
18 measurement and evaluation.”; and

19           (E) by amending paragraph (8), as so re-  
20 designated, to read as follows:

21           “(8) Utilize information from appropriate inter-  
22 agency entities to identify the countries, geographic  
23 areas, and populations most susceptible to propa-  
24 ganda and disinformation, as well as the countries,  
25 geographic areas, and populations in which such

1 propaganda and disinformation is likely to cause the  
2 most harm.”;

3 (3) in subsection (d), by amending paragraphs  
4 (1) and (2) to read as follows:

5 “(1) **DETAILEES AND ASSIGNEES.**—Any Fed-  
6 eral Government employee may be detailed or as-  
7 signed to the Center with or without reimbursement,  
8 consistent with applicable laws and regulations re-  
9 garding such employee, and such detail or assign-  
10 ment shall be without interruption or loss of status  
11 or privilege.

12 “(2) **OTHER PERSONNEL.**—The Secretary of  
13 State should, when hiring additional United States  
14 citizen personnel, preference use of Foreign Service  
15 limited appointments in accordance with section 309  
16 of the Foreign Service Act of 1980 (22 U.S.C.  
17 3949). The Secretary may hire United States citi-  
18 zens or aliens, as appropriate, including as personal  
19 services contractors, for purposes of personnel re-  
20 sources of the Center, if—

21 “(A) the Secretary determines that exist-  
22 ing personnel resources or expertise are insuffi-  
23 cient;

24 “(B) the period in which services are pro-  
25 vided by a personal services contractor, includ-

1           ing options, does not exceed 3 years, unless the  
2           Secretary determines that exceptional cir-  
3           cumstances justify an extension of up to one  
4           additional year;

5           “(C) not more than 50 United States citi-  
6           zens or aliens are employed as personal services  
7           contractors under the authority of this para-  
8           graph at any time; and

9           “(D) the authority of this paragraph is  
10          only used to obtain specialized skills or experi-  
11          ence or to respond to urgent needs.”;

12          (4) in subsection (e), by amending paragraph  
13          (2) to read as follows:

14          “(2) NOTICE REQUIREMENT.—The Secretary of  
15          Defense shall notify the Committee on Armed Serv-  
16          ices, the Committee on Appropriations, and the  
17          Committee on Foreign Affairs of the House of Rep-  
18          resentatives, and the Committee on Armed Services,  
19          the Committee on Appropriations, and the Com-  
20          mittee on Foreign Relations of the Senate of a pro-  
21          posed transfer under paragraph (1) not less than 15  
22          days prior to making such transfer.”;

23          (5) in subsection (f), by amending paragraphs  
24          (1) and (2) to read as follows:

1           “(1) AUTHORITY FOR GRANTS.—The Center is  
2 authorized to provide grants or contracts of financial  
3 support to civil society groups, media content pro-  
4 viders, nongovernmental organizations, federally  
5 funded research and development centers, private  
6 companies, or academic institutions for the following  
7 purposes:

8           “(A) To support local entities and linkages  
9 among such entities, including independent  
10 media entities, that are best positioned to refute  
11 foreign propaganda and disinformation in af-  
12 fected communities.

13           “(B) To collect and store in print, online,  
14 and social media examples of disinformation  
15 and propaganda directed at the United States  
16 and United States allies and partner nations.

17           “(C) To analyze and report on tactics,  
18 techniques, and procedures of foreign informa-  
19 tion warfare and other efforts with respect to  
20 disinformation and propaganda.

21           “(D) To support efforts by the Center to  
22 counter efforts by foreign entities to use  
23 disinformation and propaganda to undermine or  
24 influence the policies, security, and social and



1 political stability of the United States and  
2 United States allies and partner nations.

3 “(2) FUNDING AVAILABILITY AND LIMITA-  
4 TIONS.—The Secretary of State shall provide that  
5 each entity that receives funds under this subsection  
6 is selected in accordance with the relevant existing  
7 regulations through a process that ensures such en-  
8 tity has the credibility and capability to carry out ef-  
9 fectively and in accordance with United States inter-  
10 ests and objectives the purposes specified in para-  
11 graph (1) for which such entity received such fund-  
12 ing.”;

13 (6) by redesignating subsections (h) and (i) as  
14 subsections (i) and (j), respectively; and

15 (7) by inserting after subsection (g) the fol-  
16 lowing new subsection:

17 “(h) CONGRESSIONAL BRIEFINGS.—The Secretary of  
18 State, together with the heads of other relevant Federal  
19 departments and agencies, shall provide a briefing to the  
20 Committee on Foreign Affairs and the Committee on  
21 Armed Services of the House of Representatives and the  
22 Committee on Foreign Relations and the Committee on  
23 Armed Services of the Senate not less often than annually  
24 regarding the activities of the Global Engagement Center.

- 1 The briefings required under this subsection shall termi-
- 2 nate on the date specified in subsection (j).”.

**AMENDMENT TO H.R. 5681**  
**OFFERED BY MR. SHERMAN OF CALIFORNIA**

Page 6, line 12, insert before the period at the end the following: “, including, to the extent practicable, entities that work in regional and provincial languages, when work in such languages would further the purposes of the Center”.



Chairman ROYCE. And I will now recognize myself to speak on today's business.

So first, we have H.R. 5677. This is the International Security Assistance Act.

And the rise of terrorist groups like ISIS and al-Qaeda and Boko Haram, Al Shabaab, this has required a substantial expansion of the programs that help our partners defend themselves. So the State Department is charged with overseeing these important efforts.

This bill, this bipartisan measure, improves the Department's management of U.S. security assistance, including military assistance and military education and training. And the bill also strengthens congressional oversight over proposed designations of state sponsors of terrorism. I will explain to you why this was necessary.

Under current law, to delist a state sponsor of terrorism the administration only needs to certify that the country has refrained from supporting terrorist activity for a mere 6 months. The administrations from both parties have abused this process, most notably in 2008 when North Korea was prematurely delisted following commitments it made to dismantle its nuclear weapons program.

Now, what this bill does is to make sure that that does not happen again.

And next, we consider Chairman Yoho's H.R. 5105. This is the BUILD Act.

After months of bipartisan work with the administration, I am very pleased that we can advance this bill, which will help the United States take a more strategic approach to international development and economic empowerment in emerging markets.

By harnessing the power of finance and the expertise of our Nation's development professionals under one modern institution, we can advance America's interests and offer countries a robust alternative to investments by authoritarian governments, such as what is happening with respect to Beijing.

And I really want to thank Congressman Yoho, but also all the members of this committee who have been engaged in supporting him in this effort with the amendments and the focus on this issue.

Next, we have Representative Schneider's H.R. 5681. This is the Global Engagement Center Authorities Act.

And under this bill, and with some help from Adam Kinzinger, the GEC at the State Department, of course, has this important mission of countering propaganda and disinformation from foreign states, as well as terrorist groups like ISIS. This bill strengthens the Center's leadership role and directs it to coordinate related activities across the administration.

And, again, I appreciate the strong bipartisan interest that members have shown on this issue. And in particular, I want to note the work that goes on, not only on this committee, but also in the NDAA, where Representative Kinzinger, who was an early advocate of the GEC and has continued here to help drive, along with Brad, the oversight efforts, he has made an effort there to address it in the National Defense Authorization Act.

Next, I want to thank Representatives Ros-Lehtinen and Deutch for their leadership on H.R. 5141. This is the United States-Israel Security Assistance Authorization Act.

Our partner Israel continues to face threats in every direction, from state and from nonstate actors bent on destroying the Jewish state. Iran, in particular, has taken its aggression to Israel to new heights, if you are looking at the missiles that have been placed in Syria there on the border.

This bipartisan bill deepens and updates our security partnership with Israel to ensure that Israel can defend itself, by itself, in the face of these evolving threats.

And next, we have H.R. 5535. This is the Energy Diplomacy Act.

As America's energy production has increased and our technologies have improved, our Nation's influence in global energy policy has grown. So I applaud Chairman McCaul and Ranking Member Engel for crafting bipartisan legislation to ensure that the State Department has the leadership and direction to support America's energy diplomacy.

Finally, we have H.R. 5433. This is the unusually named Hack Your State Department Act.

The 2014 breach of the Department's unclassified computer network exposed grave weaknesses in its public-facing information technology systems.

This bill, sponsored by Representative Lieu and Chairman Yoho, will help address cybersecurity gaps at the Department by establishing a bug bounty pilot program. This is based on the Department of Defense's successful Hack the Pentagon Program. And what this does is it encourages white hats, white hats security researchers, to discover and report vulnerabilities, hence the name of this.

And I now recognize the ranking member, Mr. Engel of New York, for his remarks.

Mr. ENGEL. Thank you very much, Mr. Chairman. Thank you for calling this markup.

We have six good measures before us today. I am happy to support them all. And as always, I want to thank all members on both sides of the aisle for their hard work.

The first measure on our agenda today is the BUILD Act, a proposal from Representatives Yoho and Adam Smith to transform the Overseas Private Investment Corporation, or OPIC, into a development finance institution.

It has been more than a decade since our committee made revisions to the OPIC charter and now we need new approaches to the way our Government uses credit programs to spur economic development and tackle poverty around the world.

Promoting global prosperity is a major goal for our foreign policy, and economic assistance and development credit is an essential tool for achieving that.

I want to highlight for my colleagues that this legislation carries forward existing law and policies regarding the protections of workers' right and the environment, and I support moving the bill forward.

Next, I would like to thank Chairman Royce for bringing forward his bill, the International Security Assistance Act. This measure strengthens the State Department's role in coordinating American security assistance to other countries.

This is a job for our diplomats. In recent years, we have seen more and more of the State Department's responsibilities trickle to other agencies. And this is a trend we need to stop. So I strongly support this bill.

It is important that we strengthen our international security partnerships with our allies. So I would like to thank Representatives Ros-Lehtinen and Deutch, the chairman and ranking member on the Middle East and North Africa Subcommittee, for their leadership on the U.S.-Israel Security Assistance Authorization Act.

This legislation codifies the 2016 Memorandum of Understanding on assistance signed by the United States and Israel and shepherded by the Obama administration. This MOU and the assistance that comes from it represent the unbreakable bond between the United States and Israel and the shared interests and values that have been the hallmark of our relationship. We cannot put a dollar amount on this relationship, but what President Obama accomplished in this MOU showed the strength of these ties.

The legislation also includes provisions authored by Representatives Boyle, Schneider, Kilmer, Crist, and Langevin to enhance all the dimensions of the U.S.-Israel relationship, from cybersecurity to drone detection to space exploration.

Cybersecurity must also be a top priority when it comes to our own Government. And that is why I am proud to support the Hack Your State Department Act offered by Representatives Yoho and Lieu. This bill will strengthen the State Department's cybersecurity in two ways.

Firstly, it will require the Secretary to take a hard look at the Department's cyber vulnerabilities.

Secondly, it will establish a pilot program in which the State Department will reward people who identify unknown security risks in the Department's computer systems. These ideas are modeled on programs being used successfully in the Department of Defense, and the private sector as well.

This bill will help strengthen our cyber defenses, and I urge all of our members to support it.

Advancing America's energy security is also a vital aspect of U.S. foreign policy. Congressman McCaul's Energy Diplomacy Act of 2018 addresses this critical issue. Congress must ensure that the State Department is able to protect and promote our energy policies abroad.

This bill helps in that effort by creating an Assistant Secretary of State for Energy Resources and requiring the Secretary of State to make sure that the State Department has personnel dedicated to energy diplomacy and security.

I support this measure and I hope all members will do the same.

Another important measure for our security is the Global Engagement Center Authorities Act offered by Congressmen Schneider and Lieu. The Global Engagement Center is charged with leading the interagency effort to counter Russia and other states that use information warfare to undermine democracies.

Representatives Kinzinger and Lieu played an important role in establishing this mission, and the Center's work is more important now than ever. Congress made \$120 million over the past 2 years available to the GEC, specifically to counter foreign propaganda and disinformation.

Despite that urgent need, the administration has not used any of this funding. I don't know why. And their self-imposed hiring freezes have prevented them from doing this critical job effectively.

This legislation will update the Center's authorities and enhance this committee's ability to conduct oversight so that we can put the Center in a better position to succeed.

I support this bill along with the other measures we are considering today. I again thank all our members on both sides of the aisle.

And I yield back. Thank you, Mr. Chairman.

Chair ROYCE. Thank you, Mr. Engel.

You know, the ONE Campaign, representatives of the ONE Campaign that have provided a lot of technical policy feedback to us and also a lot of advocacy, we want to thank them and other advocacy groups that are supporting the BUILD Act.

And I will just ask those advocacy groups, the ONE Campaign, if they could stand to be acknowledged for a minute. We appreciate your engagement and involvement here today.

[Applause.]

Chairman ROYCE. Thank you.

We go now to Ileana Ros-Lehtinen of Florida.

Ms. ROS-LEHTINEN. Thank you so much, Chairman Royce and Ranking Member Engel, for bringing forth these bipartisan measures before us this morning.

I would like to speak in support of H.R. 5141, the United States-Israel Security Assistance Authorization Act of 2018, a bill I au-

thored alongside my dear friend and fellow south Florida colleague, Ted Deutch.

We all know the threats that the democratic Jewish State of Israel faces, and we all know how valued our friendship is with our partners in Jerusalem. A strong and secure Israel is in the best interest of the United States, and a strong and secure America is in the best interest of Israel.

This is precisely why Ted and I authored this bill, first and foremost, to ensure that Israel has what it needs in order to defend herself and her citizens from the myriad of threats that she faces. We will authorize security assistance for Israel at levels at no less than \$3.3 billion a year, in accordance with the Memorandum of Understanding of 2016, for the next 5 years.

We will also ensure that the War Reserves Stockpile authority for Israel, which may now include precision-guided munitions, will also be authorized for the next 5 years. We also make sure that loan guarantees for Israel are extended for the next 5 years.

What we are doing is guaranteeing Israel peace of mind for the next 5 years and signaling that the bipartisan support for Israel in the United States Congress is strong and getting stronger.

With Iran creeping ever closer to Israel's borders and threatening to attack Israel from the north, our friends need the support now more than ever.

We also authored this bill to ensure that we take our level of bilateral cooperation to even greater heights.

I want to commend and thank Congressmen Langevin, Kilmer, Boyle, and Schneider for the work that they have previously done that helped to contribute to the bill before us today.

There is so much that we can do to strengthen the U.S.-Israel relationship. This bill is an important step in that direction. I urge my colleagues to support this bill, and I hope that we can bring it to the floor in the near future.

I would also like to say a few words about enterprise funds, Mr. Chairman. I have worked closely with these funds and have authorized the creation of a Jordan Enterprise Fund of the Jordan defense bill, which I authored alongside Ted Deutch.

USAID has had the purview over enterprise funds, and I believe that USAID should remain the lead agency responsible for enterprise funds. We know what we are getting with the current set up. USAID has learned valuable lessons to make these more effective and more valuable U.S. foreign policy tools. We should continue to support the current structure and functionality of the enterprise funds and use our strengths at USAID to grow them.

Thank you, Mr. Chairman, for that opportunity. And I yield back.

Chairman ROYCE. Just if I could respond briefly, because existing funds will stay at USAID, just to reassure the gentlelady. And under the BUILD Act, they will, USAID, of course, is still going to have a role, just to assure you of that.

And now we go to Mr. Gerry Connolly of Virginia.

Mr. CONNOLLY. Thank you, Mr. Chairman.

Just briefly, I support all of the six bills in front of us and congratulate our colleagues for their hard work.

I would like to highlight two amendments, and I thank the chair and the ranking member for including them in the en bloc acceptance package.

The first amendment codifies the USAID Administrator's involvement in the selection of the Chief Development Officer for the U.S. International Development Finance Corporation. The Chief Development Officer will coordinate the Corporation's development of policies and implementation efforts with other development agencies, and as such, it is a critical leader of America's premier development agency, so that person has a say in that selection process.

This amendment is consistent with the goal of the Global Partnerships Act, a comprehensive reorganization of the Foreign Assistance Act, to strengthen the role of the USAID Administrator and to empower USAID as the lead development agency of the United States Government.

We had a hearing on this, and this amendment kind of grew out of that conversation. So, again, I thank the chair.

And finally, the second amendment clarifies that the BUILD Act is covered foreign assistance pursuant to the Foreign Aid Transparency and Accountability Act, FATAA, which I introduced with my friend Ted Poe. This committee requires the President to establish guidelines on measurable goals, performance metrics, and monitoring and evaluation plans for foreign aid programs.

That act is bringing needed transparency to an often misunderstood part of the Federal budget. Its implementation should be part and parcel of any discussion on reforming U.S. foreign assistance.

This amendment ensures that the new U.S. development finance institution will be subject to the same rigorous transparency and accountability standards as any other foreign assistance program.

With that, Mr. Chairman, I yield back.

Chairman ROYCE. Thank you, Mr. Connolly.

We go now to Mr. Chris Smith of New Jersey.

Mr. SMITH. Thank you very much, Mr. Chairman.

Like my other colleagues, I am very glad to be supporting all six bills. But I want to focus especially on H.R. 5141. I thank Chairwoman Emeritus Ros-Lehtinen for her extraordinary leadership in introducing this bipartisan bill along with Mr. Deutch. It is a very, very good bill and, hopefully, it becomes law sooner rather than later.

The bill responds to a crisis of converging threats that imperil the security of our closest ally, Israel. Iranian forces and their terrorist proxies now surround Israel from nearly every direction.

With Iranian support, Hezbollah continues to amass a dangerous arsenal of thousands of advanced rockets—some put it at 150,000—that threaten main population centers in Israel.

Hamas, along with Iranian backing, threatens Israel from the south and west with terror tunnels, rocket barrages, and now with a cynical campaign that manipulates civilian protests and uses so-called human shields to threaten Israel's sovereign border.

To the east in Syria, Iran continues to carve out strategic outposts where it can station advanced weapon systems and fighters to challenge Israel's defenses.

Faced with this constellation of fanatical enemies, Israel cannot spare a moment's vigilance, and neither can we, for the sake of our



close friend and ally. By authorizing enhanced military cooperation between our countries and further enshrining Israel's qualitative military edge, H.R. 5141 guarantees that Israel will remain far and away our most capable ally.

The bill authorizes foreign military financing at an annual level of not less than \$3.3 billion agreed to in the bilateral MOU negotiated under the Obama administration. But crucially, the bill specifies that the assistance should not be less than \$3.3 billion, a clear statement that this MOU constitutes a floor rather than a ceiling.

The bill's other provisions facilitate the transfer of advanced precision-guided missiles for Israel's use and lays the groundwork for bilateral cooperation that will assist Israel in confronting an evolving landscape of threats, including from unmanned aerial vehicles, cyber attacks, and nonstate actors.

The many facets of cooperation supported by this bill, from international development to space exploration to cybersecurity, make this a very, very important bill, not just for Israel but also for our security as well.

I thank the chairlady for her leadership.

Chairman ROYCE. Thank you, Mr. Smith.

We go to Ted Deutch of Florida.

Mr. DEUTCH. Thank you, Mr. Chairman. Thanks to you and Mr. Engel for bringing forward a good slate of bills today.

And while I support all of the measures before us, I would like to focus my remarks on H.R. 5141, the U.S.-Israel Security Assistance Authorization Act.

I am proud to have introduced this legislation with my dear friend and south Florida colleague, Chairman Emeritus Ros-Lehtinen. I also want to thank Mr. Boyle and Mr. Schneider for contributing key portions of this bill.

And I would like to take a moment, if I may, to recognize and commend the incredible legislative contributions that Chairman Ros-Lehtinen has made to the U.S.-Israel relationship over her nearly 30 years in Congress. This bill is yet another example of her commitment to Israel's safety and security and to strengthen the U.S.-Israel relationship, and it has been my honor to support her in that effort.

The United States and Israel share an unbreakable bond rooted in our mutual security interests and our shared values of democracy and freedom. This is a relationship that has stood strong through both Republican and Democratic Presidencies, through Republican- and Democratic-controlled Congresses, and it has done so because support for Israel has always been, and must always be, bipartisan.

Today, it is my hope that Congress will once again reaffirm that bipartisan commitment to Israel's security by sending this good bill to the floor.

The U.S.-Israel Security Assistance Authorization Act codifies the 2016 Memorandum of Understanding between our two countries that provides Israel with an unprecedented amount of security assistance, \$38 billion over 10 years. These funds ensure that Israel will have the means to procure the capabilities it needs to

defend itself. In addition, nearly all of that money comes back to the United States and supports American jobs.

This bill also enhances Israel's current capabilities by endorsing the provision of precision-guided weapons to the War Reserves Stockpile, which Israel can draw upon in times of conflicts. It strengthens Israel's qualitative military edge to meet new threats. And it authorizes cooperation between our countries on UAVs.

The bill also broadens our relationship outside of the security and defense sectors. It expands cooperation on cyber, space, and includes authorization for a global MOU between Israel and USAID to engage in joint humanitarian assistance projects throughout the world.

Just this week, we have seen the terrorist group Hezbollah make gains through Lebanon's parliamentary elections. We have watched as Iran establishes a permanent military presence in Syria and continues its support for terrorists. There were reports just yesterday of impending escalation between Iran and Israel.

We have seen weeks of violence at the Gaza border as Hamas attempts to breach the Israeli border, just as they have attempted to do through their terror tunnels.

We here in Congress must do everything we can to prevent Iran from acquiring nuclear weapons capability, and we must also ensure Israel's ability to defend itself against all threats. These threats are real. They are not just a threat to Israel, they are ultimately a threat to our own security interests in the region.

I remain committed to Israel's long-term security and safety. I remain committed to peace. And I remain committed to a strong and thriving U.S.-Israel relationship.

I would like to thank the many members of this committee who are cosponsors of this bill. And, again, I would like to thank Chairman Royce, Ranking Member Engel, and especially Chairman Emeritus Ros-Lehtinen. I urge the passage of this good bill.

Thank you, Mr. Chairman.

Chairman ROYCE. We go now to Mr. Steve Chabot of Ohio.

Mr. CHABOT. Thank you, Mr. Chairman.

We have a number of excellent bills before us today, but I am going to keep my remarks brief because I also have a markup in the Judiciary Committee going on right now, and at 11 o'clock I have to chair the Small Business Committee.

Chairman ROYCE. We want to encourage you and everyone else to do the same.

Mr. CHABOT. I will be very brief. But I just do want to express my support for H.R. 5141, the U.S.-Israel Security Assistance Authorization Act of 2018. As a longtime supporter of Israel and as a cosponsor of this legislation, I want to thank Ms. Ros-Lehtinen and Mr. Deutch for their leadership both on this bill and on the many issues affecting Israel and the Middle East as a whole.

Israel is one of our most important allies, without a doubt, and shares our values in a part of the world that so often sees authoritarian governments trample on the most basic of human rights. We must remain committed to our partnership with Israel, especially as they face the ongoing Iran challenge.

So with that, I would urge my colleagues to support the legislation, as well as the other bills before us this morning.

And I think I was brief. And I will yield back my time.  
Thank you.

Chairman ROYCE. Mr. Ami Bera of California.

Mr. BERA. Thank you, Mr. Chairman.

And once again I will echo the sentiment that I appreciate the work of the chairman and the ranking member in bringing this bipartisan package of bills to the floor.

I want to just take a brief moment to talk about the amendment offered by the ranking member, Mr. Engel, dealing with major defense partners in the International Security Assistance Act.

This amendment is a continuation of Congress' work to strengthen our relationship with India, particularly in the defense sphere. In 2015, we help make India a major defense partner. What we hoped that would do is enable India's access to a wide range of dual-use technologies at levels equivalent to our major allies, like NATO, Japan, South Korea, and Australia.

And last year in the NDAA we required a unified interagency definition of the major defense partner to standardize it across the bureaucracy. That was our intent. But I know we still have concerns about the implementation of the major defense partner designation. That is why Ranking Member Engel's amendment is so critical.

For arm sales, their review and approvals, it puts major defense partners like India on the same level as our NATO, South Korea, Japan, Australia, New Zealand, and Israeli allies. It adds real teeth to the designation at a time when our relationship with India is more important than ever.

So I thank the ranking member for offering the amendment and the committee for supporting its inclusion in the en bloc package.

And if I may, I would like to yield some time to my colleague from Rhode Island, Mr. Cicilline.

Mr. CICILLINE. I thank the gentleman for yielding. I, too, have a markup in Judiciary and wanted to just say thank you to the chairman and the ranking member for bringing the bills before the committee. I am proud to support all of the bills on our agenda.

I wanted to specifically thank the ranking member and the chairman for including my amendment in the en bloc to H.R. 5141. This is an issue I have worked on for a number of years. And my amendment will build on the initiatives included in the bill on cybersecurity by requiring a report from the Secretary of State examining the potential benefits of creating a U.S.-Israel Cyber Center of Excellence.

As we cooperate more with our ally Israel on cyber issues, I think we should be exploring the possibility of establishing a more permanent collaboration and a joint venture between the United States and Israel, between our educational institutions, so that we can share best practices on cybersecurity.

A Cybersecurity Center of Excellence would bring together leaders in academia, the private sector, the nonprofit community, and government agencies to research and develop new strategies for preventing cyber attacks.

This amendment asks the Secretary of State to explore the potential benefits and any pitfalls or disadvantages that this might produce from establishing such a center and report that back to

Congress. I am, of course, hopeful it will set the context to move forward on this idea.

And I really want to thank the chairman and ranking member for agreeing to include this on the en bloc amendments and urge support of the balance of all of the legislation, and thank the gentleman for yielding.

And with that, I yield back.

Chairman ROYCE. Thank you, Mr. Cicilline.

We now go to Mr. Ted Yoho of Florida.

Mr. YOHO. Thank you, Chairman Royce and Ranking Member Engel, for holding today's markup with all the amendments and the bills, especially H.R. 5105, the BUILD Act.

I would like to thank you, Chairman Royce, and your team, in particular Andy Taylor, for your assistance over the past year in crafting this important legislation, along with our partners in the Senate, Senator Corker and Senator Coons. I would also like to thank James Walsh on my team, who did the yeoman's work to bring this bill to this stage.

Today America is confronting unprecedented instability and growing humanitarian crises around the world, all of which have a direct impact on our national security and economic interests at home. The effective deliverance of foreign assistance is crucial, especially in the current fiscal climate in which it is imperative for the U.S. Government to use each and every dollar more efficiently and, of course, more effectively.

The BUILD Act will help ensure the United States delivers foreign assistance in an efficient way and effective manner by catalyzing the private sector to invest in developing countries. This is a break from the old model of spending \$1 in a country in the form of foreign aid, often not getting a long-term return, versus investing in a country's infrastructure and/or economy, a way of moving from aid to trade.

U.S. businesses have capital to invest and lead the world in the understanding of capital markets and sophisticated financial transactions. Despite our corporate advantages, other countries, especially China, are using development finance institutions more effectively to expand their influences in the developing world.

Our tools for development finances are dispersed across too many Federal agencies, and the primary U.S. development agency, OPIC, has not been significantly updated since its creation in 1971. If one were to compare an automobile from 1971 to today's high-tech vehicles, I think we will all agree there have been some significant changes.

The BUILD Act is such a vehicle that will modernize our foreign finance development and bring it into the 21st century. This legislation will become an instrument that will project into the future and to help guide the foreign policies of the United States, and that this and subsequent administrations can use to create stronger relationships with needed countries and the future partners in economies and trade.

A modernized Development Finance Corporation is imperative to capitalizing upon those changes and will help transition countries again from aid to trade. And if you look at our top 15 trading part-

ners, 12 of those were recipients of foreign aid. This bill's goal is to help facilitate that transition.

We want to help countries become robust trading partners in the United States. By doing so, we will be helping create stable, sufficient societies around the world and open up new markets for U.S. goods and services.

There is truth in the saying, a rising tide lifts all boats. The BUILD Act will help make this a reality. And I thank you for your consideration and support.

I yield back.

Chairman ROYCE. Thank you, Mr. Yoho.

Again, this is going to allow us to double the book of business in terms of development finance, but it is also going to mobilize a lot of private capital; and something else we can't do right now, which is to work with our partners, the British and others on the ground. So we thank the committee members for their support.

Lois Frankel of Florida.

Ms. FRANKEL. Thank you, Mr. Chair. And I want to thank Mr. Royce and Mr. Engel for your bipartisan leadership and all my colleagues for their good work on these bills, which I support.

I would like to highlight, too, just the following.

Mr. Yoho, I thank you for your sponsorship of H.R. 5105, the BUILD Act of 2018. And I thank the chair and ranking member for putting my amendment, which I am going to talk about, in the en bloc amendment.

So I am calling attention to a provision that urges the new Development Finance Corporation, which this bill establishes, to work to improve women's economic opportunities and outcomes and takes steps to mitigate gender gaps, which are very, very significant.

It also requires the corporation to measure development outcomes broken down on gender basis, tracking whether women are reaping the benefits of this support.

Some of you may remember that a few weeks ago we unanimously passed out of this committee the Women's Entrepreneurship and Economic Empowerment Act, recognizing that when women are educated and given the tools for economic success, their communities are safer, stronger, and more peaceful.

If women, who account for half the world's working-age population, do not achieve their full economic potential the global economy will suffer. And as the chairman said, I think it was last week, Mr. Royce, that advancing women's economic equality toward parity with men could add trillions, and I mean trillions and trillions of dollars to the global GDP in just 7 years.

So this bill before us will allow the new corporation to empower women. I will give you an example, like Manjula from India, who worked 15 years in a garment factory, long hours and barely any pay. She dreamed of starting her own business so she could buy a house, educate her daughter. The problem was she had no access to capital until she received a small loan from a micro finance institution supported by OPIC.

And with that, not only did Manjula start her own factory, she created dozens of jobs, paying workers fairly so they can provide for their families and making their community more secure and

peaceful. And stories like this show that investing in women is not only humane, it is good economic sense, trillions of dollars of economic sense.

As I said this before, I will say it again, when women succeed, the world succeeds.

I also want to highlight and support H.R. 5141, the U.S.-Israel Security Assistance Authorization Act. Again, I am going to compliment, as my colleagues did, Representatives Ros-Lehtinen and Deutch.

This bill recognizes Israel's right to defend itself and writes into law the continued cooperation between our two countries. With yesterday's decision from President Trump to withdraw the U.S. from the Iran nuclear agreement, ensuring our great friend and ally is safe and has all the resources it needs to protect itself is more important than ever.

And when you look at the neighborhood, there is reason to be worried: Hamas in the Gaza rebuilding its rocket arsenal and calling for Israel's destruction, Iran constructing its military bases in Syria, ISIS wreaks havoc in the Sinai, while Hezbollah in Lebanon points 150,000 missiles at Israel.

So we must do all we can to strengthen Israel's defenses. And this important bill codifies the Memorandum of Understanding signed by the Obama administration with Israel, the largest U.S. military assistance package ever, and it also expands U.S.-Israel cooperation in areas of mutual interest, like establishing a U.S.-Israel cybersecurity research and development grant program and authorizing USAID to enter into an agreement with Israel to help lift low-income countries.

In an increasingly polarized Washington, Israel can never be a partisan issue. Defending Israel is in our national security interest.

So I urge support of all these measures, and I, again, thank everyone for their bipartisan support.

I yield back, Mr. Chair.

Chairman ROYCE. Thank you. Thank you, Congresswoman Frankel.

We have Adam Kinzinger from Illinois.

Mr. KINZINGER. Well, thank you, Mr. Chairman. And thanks for bringing up this great slate of bills before us today. And I want to thank both sides of the aisle.

I want to thank my colleague from Illinois, Mr. Schneider, for building on the work Congressman Lieu and I began last Congress.

Following the 2016 election, it was determined by the heads of American intelligence agencies that Russia had developed and executed a strategy to influence the American elections through online propaganda operations. While it can't be disputed that the operation occurred, there is no evidence that this information operation affected the outcome of the election.

This kind of action is a direct assault on American democracy, and the United States needed the proper tools to defend its interests against this type of foreign manipulation.

In response, Congressman Lieu and I introduced the Countering Foreign Propaganda and Disinformation Act of 2016, which was later included in the fiscal year 2017 National Defense Authorization Act.

This legislation created the Global Engagement Center with the purpose of streamlining our counterpropaganda efforts. Unfortunately, the State Department, under its previous leadership, squandered over two-thirds of the congressionally allocated funds that were to be transferred to the GEC from the Department of Defense, resulting in delayed efforts to counter propaganda. We now have an opportunity to correct course.

I am a cosponsor of H.R. 5681, the Global Engagement Center Authorities Act, along with my colleagues, Mr. Schneider and Mr. Lieu. This bill will strengthen the organization by mandating the GEC take a more direct approach to countering both state and nonstate actor propaganda around the world.

This legislation isn't about politics, and there have been some sad attempts to make this about politics. This is purely about ensuring that the United States has the proper tools to combat all forms of online propaganda, whether being spread by Russians or being spread by ISIS.

We know that state actors are already working to influence the upcoming midterm elections, and we need to ensure that our Government is fighting against these kinds of assaults on our democracy, not to mention the democracies of our friends. I urge my colleagues to join me in supporting this legislation.

And also, I would like to quickly discuss an amendment that I have offered to Congressman McCaul's Energy Diplomacy Act. This simple amendment, only nine words long, would ensure that the personnel working on energy diplomacy issues within the Department of State do so in coordination with the Department of Energy.

This addition will help integrate our domestic and foreign policies relating to energy resources, energy technologies, and nuclear nonproliferation.

I urge my colleagues to join me in supporting this amendment.

Mr. Chairman, I yield back.

Chairman ROYCE. Thank you.

Joaquin Castro of Texas.

Mr. CASTRO. Thank you, Chairman Royce and Ranking Member Engel.

I want to also congratulate all the members whose bipartisan bills are being considered here today. The bills considered here today address important issues in the world and I am pleased to support all of them.

Thank you to Ileana Ros-Lehtinen and Representative Deutch for introducing the bill today authorizing security assistance to Israel.

For decades, Israel and the United States have had a strong partnership that is based on shared values. Given the precarious position Israel occupies in the Middle East and the proliferation of challenges in the region with Iran's malign activity and the crisis in Syria, it is important that the United States supports Israel by guaranteeing a robust security assistance package.

I would also like to commend my friend Representative Mike McCaul and Ranking Member Engel in introducing the Energy Diplomacy Act to ensure the United States continues global leadership as an innovator in energy technology and practices.

I also voice my support for the Hack Your State Department Act, introduced by Representatives Lieu and Yoho. This important legis-

lation will bring much-needed improvements to the State Department's cybersecurity apparatus. This measure also comes at a time when cybersecurity is increasingly necessary to protect the interests of the United States and the well-being of our citizens, including our diplomats.

In recent years we have seen a new form of information warfare waged through the internet by terrorists group like al-Qaeda, ISIS, and state actors, such as Russia. The Global Engagement Center in the State Department is an important office to counter these activities and set the record straight.

I was pleased to lead a letter with my colleague Ted Lieu of California in March urging then-Secretary of State Rex Tillerson to explain why the State Department had not used any resources allocated to this Center in 2017 to counter foreign propaganda designed to influence elections and undermine democracies, just as Russia did in the U.S. Presidential election.

This legislation introduced by Representatives Schneider and Lieu strengthens and defines the activities of the Global Engagement Center, and I am pleased to support this legislation that will help the United States counter propaganda.

Also, regarding the International Security Assistance Act of 2018, international security assistance is an important tool for U.S. diplomacy and congressional oversight over this facet of our foreign policy, and it is very critical.

I would also like to thank Ranking Member Engel for his amendment improving the ability of the United States to have a closer defense partnership with India. The U.S.-India defense and security relationship is an anchor of our engagement in the Indo-Pacific, and this should be welcomed. And I look forward to greater cooperation with India that this measure will enable.

And finally, the BUILD Act of 2018. The Asian Development Bank noted that there is a \$26 trillion infrastructure gap in Asia that restricts the ability of the region to reach its full economic potential. Other regions, including the Americas and Africa, are in desperate need for investment as well.

Some countries have taken advantage of this demand by pursuing government-financed infrastructure investment, often with low standards, that leave countries in debt and beholden to their lenders. We rightly criticize these practices, but we must also provide alternatives for countries that can become important economic partners to the United States with the right investments.

One of the strengths of our country has always been our engaged and dynamic private sector, whose investments abroad need to be leveraged as an instrument of our foreign policy. The BUILD Act does precisely this by empowering government to better support these international investments by U.S. firms that keep in mind the responsibilities we have to respect the dignity of labor and the environment. And I support all of these measures, and I know that my colleagues will as well.

Thank you.

Chairman ROYCE. We go know to Chairman Mike McCaul of Texas.

Mr. MCCAUL. Thank you, Mr. Chairman.



The bills before us are critical to strengthening U.S. engagement and protecting our national security interests across the globe. I would like to commend the bipartisan efforts of my colleagues, and I look forward to advancing these measures on the floor.

I also would like to thank Chairman Royce for including my legislation, the Energy Diplomacy Act, as part of this markup. Across the globe, our friends and allies are looking for a stable and reliable supply of American energy. However, regions such as Eastern Europe and our allies are still living under the heavy hand of Russia, a destabilizing regime that constantly exploits the vulnerabilities posed by Europe's reliance on their natural gas.

Since coming to Congress, I have advocated for a foreign policy that helps alleviate our allies' reliance on unpredictable regimes to meet their energy needs. In 2015, I helped champion the repeal of the outdated crude oil export ban. Now U.S. producers are finding new customers in both Asia and Europe.

But we must go a step further, and that is why I offered the Energy Diplomacy Act. This legislation elevates the Bureau of Energy Resources at the State Department by replacing the international energy affairs coordinator with an Assistant Secretary to carry out the Department's functions internationally on behalf of the United States. It also ensures the State Department is staffed with sufficient personnel to support this mission.

This will empower the State Department to promote and advance a bold energy diplomacy abroad.

So, again, I would like to thank Chairman Royce and Ranking Member Engel for holding this important markup and supporting my legislation. And with that, I yield back.

Chairman ROYCE. Thank you.

We go now to Mr. Espaillat of New York.

Mr. ESPAILLAT. Thank you, Mr. Chairman and Ranking Member Engel. Thank you both for continuing this extraordinary bipartisan work of this committee.

I am proud to support all six bills today, including to cosponsor H.R. 5141, the United States-Israel Security Assistance Authorization Act.

This important bill will further enhance our cooperation with Israel and help to ensure that Israel would always be able to defend itself, particularly in light of the recent clashes in Syria and at Israel's northern border. We must work to prevent a military escalation in this region.

It remains imperative that the U.S. does its part to help our ally Israel protect itself from all threats, and this package will just help do that.

In addition to that, I support H.R. 5105, the BUILD Act, which will establish the International Development Finance Corporation. This bill moves to improve the allocation of U.S. private assets in international development. And I am encouraged that this legislation, with broad support, will promote growth and economic partnerships between the United States companies and foreign countries.

The projects built from this will help to combat poverty, hunger, and health crises, while furthering labor and human rights, pro-

tecting the environment, and promoting American entrepreneurship.

H.R. 5433, the Hack Your State Department Act, is a crucial piece of legislation to improve cybersecurity at the State Department. We have learned the hard way the lessons of not being prepared to prevent cyber attacks, and we must all work together to prevent, in our democracy, future cyber threats.

Provisions in this legislation will work to improve processes at the State Department for identifying and fixing vulnerabilities and utilize best practices to advance data security within the Department.

H.R. 5535, the Energy Diplomacy Act, is an important step to furthering U.S. energy diplomatic priorities by codifying provisions within the State Department dedicated to energy matters.

In the 21st century it is beyond clear the importance of energy development and security. Ensuring that the State Department has leadership and the capacity to appropriately handle these issues is necessary for the many challenges our country may face in the coming years.

Finally, Mr. Chairman, H.R. 5681, the Global Engagement Center Authorities Act, will strengthen the Center's ability to counter foreign propaganda and disinformation by giving it the authority to direct and coordinate Federal efforts to counter propaganda.

At a time where it often seems that the truth is under attack, it is important that our efforts to promote accurate information are coordinated and disseminated in the best methods. The authorities of the Global Engagement Center will help to improve upon best practices and work to stop the spread of false information.

Thank you, Mr. Chairman, and I yield back the remaining part of my time.

Chairman ROYCE. Thank you, Mr. Espaillat. I appreciate it.

We go to John Curtis of Utah.

Mr. CURTIS. Chairman Royce and Ranking Member, thank you for holding this important markup today.

As the Foreign Affairs Committee moves six bills forward with bipartisan support today, I want to speak specifically about H.R. 5141, the United States-Israel Security Assistance Authorization Act, of which I am a cosponsor. I want to thank Representative Ros-Lehtinen and Representative Deutch for their leadership in introducing this bill.

I am a strong supporter of the U.S.-Israeli alliance. Having just returned from the Middle East, I am more concerned about Iran's aggression in the region and more committed than ever to strengthen U.S.-Israeli security cooperation.

H.R. 5141 reauthorizes and improves defense and security assistance for Israel through the year 2023. Among many other important provisions, this bill also strengthens U.S.-Israel cybersecurity cooperation and extends the War Reserves Stockpile authority for the benefit of both the United States and Israel.

I encourage my colleagues on this committee to support this critical legislation.

Thank you, Mr. Chairman. I yield my time.

Chairman ROYCE. Thank you, Mr. Curtis.

We go now to Mr. Brad Sherman of California.

Mr. SHERMAN. Mr. Chairman, excellent slate of bills. I commend everyone who is involved. I support them all. I have cosponsored most.

I want to focus first on the BUILD Act. You and I have been working to reauthorize OPIC back from over a decade ago. We had a bill that passed this committee and passed the House and then was held up in the Senate to reauthorize OPIC, the most unfortunately named, and now to be renamed, organization in the Federal Government. The failure of the Senate to take up that bill is further proof of the desirability of a unicameral legislature.

The BUILD Act that is before us starts by saying that the new DFC, Development Finance Corporation, will carry on the policies adopted by OPIC. That is particularly important because OPIC included in its policies many of the provisions of the bill that you and I, Mr. Chairman, had back a decade ago.

They have given me further assurance as to two of their policies.

The first one commits them to continuing their policy of not participating in a project in the Caucasus that deliberately excludes Armenia. That is to say, a transportation project that skirts around Armenia tying Georgia and Azerbaijan together, rather than going through Armenia. And the second relates to their environmental policy.

In addition, I would like to thank you for including in the en bloc four of my amendments on this bill.

The first and most important requires the agency to take into consideration—first, it requires them to get a certification that its beneficiaries do not conduct any activity subject to U.S. sanctions. And this is, I think, a change and improvement in precedent, requires that certification to apply on behalf of—the beneficiary to certify on behalf of itself and all of its affiliates up and down the chain.

That is an important provision, especially as we continue to use sanctions to achieve our foreign policy objectives.

Second is that the agency will take into consideration whether the country engages in a boycott against a friendly U.S. country. Of course the Export Administration Act already prohibits U.S. companies from doing this, especially prohibits them from complying with the Arab League boycott of Israel. It is common sense that the new DFC selects projects with that in mind.

Third, it is important that the report that the DFC sends us includes a report on how well its projects focus on human rights, labor, environment, and social policies.

And finally, when it comes to the makeup of the board, we should take into consideration not only banking acumen and experience, but experience in environmental development and labor experience. It is so important that we include people on this board focused on American jobs.

As to the Global Engagement Center Authorities Act, I want to condemn—commend—Representatives Schneider and Lieu for drafting this. And I want to commend the recorder for recording my words accurately and noting that I used the word “commend.”

In particular, I want to thank the chairman for including in the en bloc my amendment to say that we will support communicating in provincial languages, not just the leading or official language of

any particular country. It is particularly important with regard to Pakistan that we reach out in Sindhi and other regional languages of Pakistan.

Finally, Mr. Chairman, we are taking up the Energy Diplomacy Act. It is critical that we have a diplomacy focused on energy, but the most important part of that is nuclear energy and the risk of nuclear proliferation. And I would hope that we would have hearings on the possible nuclear cooperation agreement with Saudi Arabia.

Chairman ROYCE. Well, thank you. I will share with the gentleman that in our prior roles, by the way, for the members here, as chairman and ranking member of the Nonproliferation Subcommittee, Mr. Sherman and I have worked on this issue, and we held a number of, I thought, critical hearings on this issue.

I share your concern, as you know, Mr. Sherman, that we need to prevent more countries that currently lack the capacity from undertaking enrichment and undertaking reprocessing.

So, as you know, the Subcommittee on the Middle East and North Africa held a hearing several months ago on this issue on the proposed 123 agreement. And under the Atomic Energy Act, this committee is required by law to hold a hearing on any 123 agreement that the U.S. negotiates with another country and transmits to Congress.

So I can assure my colleagues—

Mr. SHERMAN. Mr. Chairman, I would hope that we would have a hearing before the agreement is sent to Congress, because that is when the hearing can enlighten the administration as to what ought to be in that agreement. Once the agreement is submitted to Congress, in the past it has been, well, not a *fait accompli*, but Congress is in less a position to get the right kind of agreement after it has already been signed by the executive.

Chairman ROYCE. We are glad to take that under consideration. We will talk with you and Mr. Engel, certainly, Mr. Sherman.

Mr. SHERMAN. Thank you.

Chairman ROYCE. Thank you.

Mr. SHERMAN. I yield back.

Chairman ROYCE. All right. We go now to Mr. Ted Poe, I think is next, from Texas.

Mr. POE. Thank you, Mr. Chairman.

I am pleased to be an original cosponsor of Mr. Yoho's bill, the BUILD Act and commend him for his lead in it. The bill provides much needed reform on how we invest in development dollars abroad. When we provide loans and financial assistance to foreign partners, our goal should always be to move them from aid recipients to prosperous self-sufficient economies.

Having oversight of the Overseas Private Investment Corporation, or OPIC, I have seen the need to consolidate our development financial institutions to better compete with global rivals. In its place, a more efficient agency will be created that can allow improved oversight of U.S. financial support and capital.

With the BUILD Act and the creation of the U.S. International Development Finance Corporation, we have a powerful new foreign policy tool. By spurring market-based economic growth and private sector development, the U.S. can build strong independent partners

around the world. This reduces the burden on the U.S. in the long run, and it directly strengthens our national security.

When States are economically prosperous and not vulnerable to predatory foreign powers hoping to manipulate weaker States for their strategic gain, it makes America safer and regions more stable.

As chairman of the Terrorism, Nonproliferation, and Trade Subcommittee, I like the idea of getting our friends abroad from aid recipients to trade partners. The free flow of trade is a great way to forge stronger relations between nations, preserve peace, open new markets for American products.

I am also proud to, once again, work with Representative Connolly to ensure that transparency and accountability of our Government's programs. I have joined him in introducing an amendment to this important bill that will ensure that the new development finance institution established by this legislation will be subject to the same transparency and accountability standards and guidelines that became law as a result of the Foreign Aid Transparency and Accountability Act where we were both the original co-sponsors. So I thank Mr. Connolly for introducing this important amendment.

I am also pleased to support H.R. 5141, the U.S.-Israel Security Assistance Act introduced by Chairman Ros-Lehtinen. Israel is our most trusted and reliable ally in the Middle East. And since its establishment, it has been under constant siege by neighboring adversaries that hate Israel because it is a democratic and a Jewish state. Outnumbered and facing attack on nearly all sides, Israel's security situation is unique in the world, and their intelligence is excellent.

I personally am grateful for the intel Mr. Netanyahu has supplied the United States on Iran and its quest for nukes. We also must maintain a military advantage over its foes. Israel needs to be an industrial might that we can provide help to. By keeping Israel secure and capable of deterring potential foes like Iran and its proxies, we preserve peace in the region, and we really further our own security.

Israel is an outpost of democracy and freedom in a troubled region that shares our values and faces many of the same dangers we face, and has faced those dangers since 1948 when it became a nation.

Our close defense cooperation has created numerous game changing technologies that have been used to not only defend Israel, but strengthen our military aides as well.

For decades, it has been our policy to ensure Israel is dominant on the battlefield. If it wasn't, we would have to send U.S. military to protect it. Israeli friends have always made it clear they don't want Americans to fight their battles for them, they just need tools to defend themselves.

Through this bill, we will continue to improve the tradition of strongly supporting Israel. H.R. 5141 will enshrine another decade of foreign military financing to the Jewish state, streamline the transfer of military materials so Israel can utilize American when we need it most.

I might add that much of the money that we send to Israel is spent here in the United States for military development.

This bill also will increase our cooperation with Israel on combating cyber and drone threats, expanding space exploration, provide foreign assistance in areas where we share common goals. So our relationship with Israel continues to be beneficial to both nations.

This bill will ensure the U.S.-Israeli alliance continues far into the future, that Israel has the capability to defend itself against any foe, and put other nations on notice that the United States totally supports our friend and ally, Israel.

And I will yield back.

Chairman ROYCE. Thank you, Mr. Poe.

Mr. Brad Schneider of Illinois.

Mr. SCHNEIDER. Thank you, Chairman Royce. And I am in another committee where we may have a vote. If I have to leave, I apologize, mid sentence.

But I want to thank the chairman and ranking member for convening today's markup and for their leadership in this committee. I am pleased to support all of the bills in today's en bloc package, which includes some legislation I have introduced.

Every week, we seem to learn more about the sophisticated network of social media bots and online ads used to spread misinformation during the 2016 election. And our intelligence chiefs are unanimous that Russia views the 2018 elections as a target for further interference. The State Department's Global Engagement Center, GEC, was created in 2016 to lead the United States' effort to counter propaganda and disinformation from foreign actors. Alarming, The New York Times reported in March of this year that the State Department didn't spend any of the \$120 million available since late 2016 to counter Russian information warfare efforts, nor did it recruit a single analyst in the GEC who speaks Russian.

This is not a partisan issue. It is of great importance to anyone who has an interest in protecting our democracy. The actions of our State Department need to reflect that urgency. The Global Engagement Center Authorities Act of 2018 would strengthen the current statute that initially authorized the GEC and will better equip the office to carry out its important mission. The bill also strengthens the Foreign Affairs Committee's oversight of the GEC by requiring notification of funding transfers and annual briefings from the State Department on the Center's activities. The Global Engagement Center is an important tool in our efforts to counter foreign misinformation campaigns and propaganda.

I want to thank my colleagues, Representative Ted Lieu and Representative Adam Kinzinger, for their previous work in support of this legislation, and the chairman and ranking member for including this bill today. I hope we can work together to make the GEC an even more effective resource.

I am also pleased to support the U.S.-Israel Security Assistance Authorization Act, which enhances Israel's ability to defend herself against mounting regional threats. As Hezbollah and Hamas continue to grow their weapons arsenals and Iran becomes even more entrenched in Syria, the United States must ensure that her great-

est ally in the Middle East has the ability to defend herself against these challenges.

Last year, I introduced the Defending Israel's QME Act to strengthen the process that ensures Israel's qualitative military edge over other countries in the Middle East. I am pleased that a portion of my bill has been included in the United States-Israel Security Assistance Authorization Act so that we can continue to ensure Israel has the tools to maintain its QME over those who seek to do her harm.

Thank you, again, to the chairman and ranking member for convening today's markup and for your support of my legislation.

With that, I yield back.

Chairman ROYCE. Thank you, Brad.

We go now to Mr. Tom Garrett of Virginia.

Mr. GARRETT. Thank you, Mr. Chairman.

And I want to thank specifically, before he leaves, my colleague, Mr. Schneider, for helping me help work on his fine piece of legislation, 5681. I want to speak briefly, Mr. Chairman, to the nature of propaganda and inference in our Nation. It has been my honor as a member of this committee to have engagement with a number of leaders from around the world, but most specifically, in this instance with the leaders from the Baltic Nations, Latvia, Lithuania, and Estonia, who could each tell horror stories about Russian interference.

And I want to speak candidly to the bipartisan nature of Mr. Schneider, Mr. Kinzinger, and Mr. Lieu's work here. There is absolutely no doubt that there was inference in American elections in the last election cycle and that there will probably be so in the future. Having said that, I want to speak to the nature of that inference as I understand the understanding of Nations who have been subject to this sort of inference for far longer than we. And that is not so much to target one particular party or individual, but instead, to sow chaos, discord, and undermine the confidence and functioning liberal democracies, which is, indeed, inherently dangerous in and of itself, but a correction, I think, of the record of some and not my colleague, whose fine legislative effort this is.

And so, I think those words need to be spoken. And I would commend Mr. Schneider again, as well as Mr. Kinzinger and Lieu on this legislation, as well as the chair and ranking member for bringing it forward. We need to address this because we have something special here that is worth striving to maintain and, in fact, modeling for the remainder of the world. Which brings me to the BUILD Act, Mr. Chairman, H.R. 5141.

Israel is not perfect, nor is the United States. However, we do have commonalities of interest and values. Functioning democracies wherein people, regardless of their ethnic background or religious background who choose to participate without violence and intend to harm others are tragically rare, unfortunately, even in 2018.

And so where we can undergird those who share our values and, indeed, in the case of Israel, who lack a mirror-like entity for thousands of miles in any direction, where we can undergird those who help to undergird the other reasonable moderate regimes in the region, for example, Jordan, who relies largely on the existence of

Israel to perpetuate their own nation state; where we can undergird those values that help to spread opportunity to peoples across world, even where they are enforced and implemented by imperfect people such as ourselves, we should do so. Which brings me ironically, finally, to my commentary on H.R. 5105.

The BUILD Act creates a circumstance wherein individuals are lifted up. I hear, oftentimes, from people who don't understand sort of my political philosophical vent, that we need to spend our money here at home. However, it is innumerable the number of dollars saved by stewarding good resources for use abroad.

And my colleague, Ms. Frankel, speaks passionately of creating opportunities for women globally, and I could not concur more. But let me take that a step further.

Where there is opportunity for women, there is a reduction in radicalization. Where there is opportunity for women, there is a growth in economic opportunity and empowerment across the Nation. And where there is opportunity for women, there is a growth of the class of people as opposed to the autocratic ruling class that leads to the empowerment of nations who will, with the proper shepherding, one day be the very constructive trade partners to which many of my colleagues had made reference.

So with that, in closing, I thank the chairman, the ranking member, and my colleagues. It is indeed a delight to come into this committee room, or any committee room in this day and age, and find such broad bipartisan consensus on such important issues, and that makes me feel good.

Thank you.

Chairman ROYCE. Thank you, Mr. Garrett.

We go to Dina Titus of Nevada.

Ms. TITUS. Thank you, Mr. Chairman. Thank you and the ranking member and the sponsors of this legislation. I am a cosponsor of several of the bills before us, and I support all of the ones that we are going to be voting on today.

I would just like to say for the record that I hope that the Assistant Secretary of State for Energy Resources that is authorized by H.R. 5535 will keep in mind the impacts of climate change as he or she pursues U.S. energy security interests abroad.

As I look at the specific responsibilities laid out for this office with respect to international energy policy and security, I see several that stand out where this consideration would be very important, supporting the development of energy resources for the benefit of the U.S., our allies, and trading partners, promoting the availability of diversified energy supplies, supporting the economic and commercial interest of Americans operating in energy markets of foreign countries, and certainly, coordinating energy security currently undertaken by other bureaus and offices in the State Department.

So with that admonition to the person occupying this position, I would say I support the bill and yield back.

Ms. ROS-LEHTINEN [presiding]. Thank you very much.

And now we go to Mr. Meadows of North Carolina.

Mr. MEADOWS. Thank you, Madam Chair. And I want to thank you for your leadership, not only on this particular measure, but on a number of measures as it relates to our most trusted ally in



the Middle East, the nation of Israel. And certainly, as we look at the Israel Security Assistance Authorization Act, it is an essential step in continuing our commitment to our ally Israel. My amendment actually makes the policy of the United States even further expanded by ensuring that a long-standing partnership extends best practices between law enforcement personnel in each of our Nations as they undertake the increasingly complex antiterrorism missions. Inclusion of Israel into our network of international law enforcement academies will help Israel and the United States collaborate together to confront terrorists organizations, and certainly, international drug trafficking groups.

Further, my amendment supports Secretary Pompeo's efforts in the Middle East through the international narcotics control and law enforcement program. So I appreciate the hard work of the committee members and the staff on this legislation, and I would strongly urge not only support of this amendment, but the underlying bill.

And I thank the chairwoman for her leadership, and I yield back.

Ms. ROS-LEHTINEN. Thank you, Mr. Meadows.

And now we go to Mr. Keating of Massachusetts.

Mr. KEATING. I would like to thank the chair. I would like to thank the ranking member for holding this markup and their work on all the bills that are in front of us. I would also like to congratulate Representatives Ted Yoho and Adam Smith for their work on the BUILD Act, which I am a cosponsor of, and has been addressed many times in terms of its merits earlier today.

I would like to thank the chairman and his staff, in particular, for working with me to include my amendments in the en bloc this morning. They do more than just reflect our country's values. But they help guarantee success. My amendments focus on accountability and risk management making sure that those at the heart of any development work. That the people, the workers, their communities are the major focus of the corporation's work. Development efforts fail when there is insufficient attention to workers' rights, environment protection, or human rights. That is because developmental work and the economic growth that it is meant to create is sustainable only when there is someone there to sustain it.

If you don't protect and invest in local populations and their communities through development and economic growth, those ends, those goals, won't succeed, and that will disappear the second that those main tenets and values disappear. One of my amendments requires that, as the corporation works to manage risk, that must include environmental and social risks. If our goal is to achieve effective sustainable development, we can't afford environmental and social harms any more than we can afford financial costs.

Poisoning the water supply of a town is going to sideline any contributions people can make to furthering their own community's economic growth. Workers' rights, environmental protections, social issues are just as important as any financial metrics to the bottom line of these investments. It is, therefore, important that they are part of the corporation's reviews that are submitted to Congress every year. Another one of my amendments offered and included in the en bloc today does just that.

Finally, accountability is an important piece of any successful endeavor, especially in development. OPIC created an independent accountability mechanism in 2004 that served to promote and defend high standards of labor, human rights, and environmental protection, among other key issues. By providing a forum for addressing complaints, and by monitoring compliance with and offering guidance on those standards, an accountability mechanism helps to make these development programs as effective as possible. My amendment ensures this accountability mechanism continues on in serving the corporation's mission.

So in conclusion, I would like to thank all the people that worked so hard on the bills and support, and give my support to all the bills in front of us today. I think it is an example of the strong bipartisan effort that this committee shows time and time again.

I yield back.

Ms. ROS-LEHTINEN. The gentleman yields back. Mr. Donovan of New York.

Mr. DONOVAN. Thank you, Madam Chairwoman.

Effectively countering propaganda is one of our first lines of defense against terrorism. Today, it only takes a simple click to upload viral videos and social media posts that highlight extremist views, recruit terrorists, or instruct followers on how to carry out an attack.

Jihadist terrorists are increasingly using this viral and fashionable format to spread their methods for mayhem across the internet to Western audiences. Al Qaeda employed Samir Khan, a Pakistani American to launch its first Web magazine, Inspire, in 2010. "Make a Bomb in the Kitchen of Your Mom" was the featured article with the byline of "the AQ Chef." The piece, which was written and published in English, was eventually used to manufacture the bombs at the Boston Marathon. This one example makes clear that Jihadi terrorist propaganda cannot be ignored, and that the United States must enhance its ability to counter it.

The purpose of the Global Engagement Center housed within the State Department is to counter Jihadi and State-sponsored terrorist propaganda. That is why I support H.R. 5681, the Global Engagement Center Authorities Act of 2018.

I also strongly support H.R. 5141, the United States-Israel Security Assistance Authorization Act of 2018. The purpose of this bill is to ensure that Israel has the ability to defend itself through increased security assistance. And Israel's very existence is under daily threat from a multitude of enemies, but none so persistently dangerous and devious as Iran.

Under the Obama administration, our Nation placated Iran and emboldened the regime's bad behavior. The previous administration believed that the \$120 billion given to Iran under the flawed Iran nuclear deal would be used to help address domestic needs in a floundering economy. They were sadly mistaken. President Obama's weak stance on Iran not only impacted U.S. and Israel national security efforts, but it also hurt the Iranian people.

Here is the reality of how the Iranian regime, a known state sponsor of terror, spent its billions in aid. According to a senior Iranian cleric cited in a 2014 Washington Post article, Iran provided over \$1 billion in military aid alone to Iraq. Iran funds Assad, who

has brutally decimated his own people via chemical weapons and barrel bombs. The U.N. special envoy for Syria estimated in July 2015 that Iran gives Assad anywhere between \$6 billion and \$35 billion a year. Israel Government Minister has also told the Times of Israel that Iran's expenditures on Hezbollah alone totaled \$1 billion per year. That is merely the beginning of what has been reported in various news outlets.

So what do Iraq, Syria, and Lebanon hold in common for Iran? They shared global locations that could strategically allow Iran a clear direct path to Israel. It is no secret that Iran wants nothing more than to destroy Israel. Iran's attempt to build a land bridge from Iraq to Syria to Lebanon to Israel represents a dangerous turbulent development that the U.S. must counter to defend our staunch ally, Israel. As demonstrated by the United States Security Assistance Authorization Act, America's commitment to Israel is absolute and unwavering.

And with that, Mr. Chairman, I yield the remainder of my time Chairman ROYCE. Thank you.

We go now to Norma Torres of California.

Mrs. TORRES. Thank you, Mr. Chairman. I want to thank you, the ranking member, the majority and minority staffs for their hard work on all the bipartisan bills that we are considering here today. In particular, I am pleased that we are advancing the Israel Security Assistance Act thanks to the great work of our chair, Ileana Ros-Lehtinen, and Ranking Member Ted Deutch. This bill will keep our security cooperation with Israel strong for many years to come.

As Israel faces growing threats from Iran and its many proxies, we must continue to stand with our ally. I am so proud to cosponsor this bill, and I urge all of my colleagues to support it. I am also glad that we are marking up the BUILD Act, which will ensure that the United States continues to be a leader in a field of development finance. And I applaud Chairman Yoho for his initiative, and I thank him for accepting my amendment to the bill.

My amendment would ensure that the new development finance institution is careful to avoid doing business with bad actors, such as terrorists, drug dealers, or corrupt government officials.

Last month, when this committee held a hearing on the administration's development finance proposal, I voiced my concerns with a specific OPIC-supported project in Guatemala. Since then, Mr. Chairman, I want to report to you that OPIC has answered many questions from my office on this case, and I appreciate their transparency. And I am reassured that there are many people working there who are committed to doing due diligence.

As many of you know, corruption is a very serious issue in Guatemala. In recent years, though, we have seen some real progress. The International Commission Against Impunity in Guatemala, CICIG, has been working with local police and prosecutors to uncover networks of corruption and to bring about important reforms.

Congress has supported CICIG on a bipartisan basis. Many members of this committee have supported CICIG. And we have seen some very positive results. Violent crime, for example, is down. The people of Guatemala had seen that no one is above the law. The Guatemalan people fight against corruption, has given the

young people of that country great hope. And we must build on this progress. We cannot and must not allow it to be turned back. The cost of giving up now is simply too high, and we must be vigilant about who we are doing business with in Guatemala, or any other country around the world where corruption is a major problem.

So I urge my colleagues to support my amendment, and I support all of the measures that are before us today.

Thank you, Mr. Chairman, and I yield back.

Chairman ROYCE. Thank you very much, Congresswoman Torres. Hearing no further requests—oh, Mr. Ted Lieu.

Mr. LIEU. Thank you, Mr. Chair.

I want to, first of all, thank the chairman and ranking member for having this hearing, and pleased that we are moving forward six pieces of strong legislation to improve our national security. I would like to talk about two of these bills. The first is H.R. 5433, the Hack Your State Department Act. I would like to thank the chairman for calling this bill up, and to also thank my colleague, Ted Yoho of Florida. We are co-leading this piece of legislation.

Over the years, the State Department has faced mounting cybersecurity threats from both criminal enterprises and state-sponsored hackers. As an agency with a critical national security role, we must do more to protect its cybersecurity.

As a computer science major, I recognize there are proven tools at our disposal to improve cybersecurity that the Department has yet to adopt. One such tool is to enlist the help of America's top security researchers to find weaknesses in our cybersecurity.

The first step of this bill is to establish what is called a vulnerability process, which sets clear rules of the road so that when people outside the Department discover vulnerabilities on systems, they can report it in a safe, secure, and legal manner with the confidence that the Department will actually fix the problems.

The second step is to actually pay vetted white hat hackers to find vulnerabilities. The Department of Defense proved the success of the bug bounty program back in 2016.

Over a 24-day period, the Pentagon learned of and fixed over 138 vulnerabilities in its systems. The 2017 report to the President on Federal IT modernization stated agencies must take a later approach to penetration testing. At a bare minimum, agencies should establish vulnerability disclosure policies. Agencies should also identify systems that are appropriate to place under public bug bounty programs such as those run by the Department of Defense or GSA.

And today with this legislation, our committee is taking these recommendations to heart in helping to improve the State Department with respect to cybersecurity.

The second bill I would like to talk about is the Global Engagement Center bill. Two years ago, I worked with Congressman Adam Kinzinger on legislation to task the State Department with leading efforts to counter disinformation and propaganda around the world. The Global Engagement Center was established to lead a whole of government response.

I am grateful now to be partnering with Representative Schneider to strengthen the Global Engagement Center within the De-

partment of State, because it will serve as a vital tool to counter foreign interference in our upcoming elections.

And also, finally I would like to talk about an amendment that the chair and ranking member have included in this package. It is an amendment to H.R. 5677, to strengthen the reporting requirements under what is referred to as the Leahy law, a landmark law that prohibits the U.S. Government from providing assistance to foreign military units that are found to have committed gross human rights violations.

My amendment today will narrow the exceptions to the public reporting under Leahy law to meet its objectives. It asks the State Department to disclose publicly the units of foreign militaries that are banned from receiving U.S. assistance. This information will also serve to unify our efforts with key training allies in global hotspots, allies such as the U.K. and France. Importantly, we will still provide exceptional disclosure when doing so would reveal intelligent sources and methods.

Thank you again, Mr. Chair. And with that, I yield back.

Chairman ROYCE. Thank you, Colonel Ted Lieu.

Now, with no further requests for recognition, the question occurs on the items considered en bloc.

All those in favor, say aye.

All those opposed, no.

In the opinion of the chair, the ayes have it, and the measures considered en bloc are agreed to. Without objection, the measures considered en bloc are ordered favorably reported as amended. Staff is directed to make any technical and conforming changes, and the chair is authorized to seek House consideration under suspension of the rules. And so that concludes our business for today. I thank the members and our ranking member for their contribution and assistance with this markup today.

The committee is adjourned.

[Whereupon, at 11:34 a.m., the committee was adjourned.]



# A P P E N D I X



MATERIAL SUBMITTED FOR THE RECORD

**FULL COMMITTEE MARKUP NOTICE  
COMMITTEE ON FOREIGN AFFAIRS  
U.S. HOUSE OF REPRESENTATIVES  
WASHINGTON, DC 20515-6128**

**Edward R. Royce (R-CA), Chairman**

May 9, 2018

**TO: MEMBERS OF THE COMMITTEE ON FOREIGN AFFAIRS**

You are respectfully requested to attend an OPEN meeting of the Committee on Foreign Affairs to be held in Room 2172 of the Rayburn House Office Building (and available live on the Committee website at <http://www.ForeignAffairs.house.gov>):

**DATE:** Wednesday, May 9, 2018

**TIME:** 10:00 a.m.

**MARKUP OF:** H.R. 5105, BUILD Act of 2018;  
H.R. 5141, United States-Israel Security Assistance Authorization Act of 2018;  
H.R. 5433, Hack Your State Department Act;  
H.R. 5535, Energy Diplomacy Act of 2018;  
H.R. 5677, International Security Assistance Act of 2018; and  
H.R. 5681, Global Engagement Center Authorities Act of 2018.

**By Direction of the Chairman**

*The Committee on Foreign Affairs seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202/225-5021 at least four business days in advance of the event, whenever practicable. Questions with regard to special accommodations in general (including availability of Committee materials in alternative formats and assistive listening devices) may be directed to the Committee.*







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## FULL COMMITTEE MARKUP

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X	Dina Titus, NV
X	Norma Torres, CA
X	Brad Schneider, IL
	Tom Suozzi, NY
X	Adriano Espaillat, NY
X	Ted Lieu, CA

5/9/18 Foreign Affairs Committee Markup Summary

By unanimous consent, the Chair called up the following measures and amendments, previously provided to Members, to be considered *en bloc*:

- 1) H.R. 5105 (Yoho), BUILD Act of 2018;
  - a. Royce ANS, an amendment in the nature of a substitute to H.R. 5105;
    - i. Connolly 1, an amendment to the Royce ANS;
    - ii. Connolly 67, an amendment to the Royce ANS;
    - iii. Engel 3, an amendment to the Royce ANS;
    - iv. Engel 4, an amendment to the Royce ANS;
    - v. Frankel 34, an amendment to the Royce ANS;
    - vi. Keating 64, an amendment to the Royce ANS;
    - vii. Keating 65, an amendment to the Royce ANS;
    - viii. Keating 66, an amendment to the Royce ANS;
    - ix. Royce 112, an amendment to the Royce ANS;
    - x. Sherman 54, an amendment to the Royce ANS;
    - xi. Sherman 58, an amendment to the Royce ANS;
    - xii. Sherman 60, an amendment to the Royce ANS;
    - xiii. Sherman 62, an amendment to the Royce ANS; and
    - xiv. Torres 90, an amendment to the Royce ANS.
- 2) H.R. 5141 (Ros-Lehtinen), United States-Israel Security Assistance Authorization Act of 2018;
  - a. Royce ANS, an amendment in the nature of a substitute to H.R. 5141;
    - i. Cicilline 139, an amendment to the Royce ANS;
    - ii. Meadows 128, an amendment to the Royce ANS; and
    - iii. Wilson 54, an amendment to the Royce ANS.
- 3) H.R. 5433 (Lieu), Hack Your State Department Act;
  - a. Lieu 115, an amendment in the nature of a substitute to H.R. 5433.
- 4) H.R. 5535 (McCaul), Energy Diplomacy Act of 2018;
  - a. Kinzinger 27.
- 5) H.R. 5677 (Royce), International Security Assistance Act of 2018;

- a. Engel 1;
  - b. Lieu 111;
  - c. Royce 111; and
  - d. Yoho 116.
- 6) H.R. 5681 (Schneider), The Global Engagement Center Authorities Act of 2018;
- a. Sherman 56.

The measures considered *en bloc* were agreed to by voice vote.

By unanimous consent, the measures were ordered favorably reported, as amended, to the House, and the Chairman was authorized to seek House consideration under suspension of the rules.

The Committee adjourned.