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116TH CONGRESS
1ST SESSION

S. 1727

To establish the Partnership Fund for Peace to promote joint economic development and finance ventures between Palestinian entrepreneurs and companies and those in the United States and Israel to improve economic cooperation and people-to-people peacebuilding programs, and to further shared community building, peaceful coexistence, dialogue, and reconciliation between Israelis and Palestinians.

IN THE SENATE OF THE UNITED STATES

JUNE 5, 2019

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

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A BILL

To establish the Partnership Fund for Peace to promote joint economic development and finance ventures between Palestinian entrepreneurs and companies and those in the United States and Israel to improve economic cooperation and people-to-people peacebuilding programs, and to further shared community building, peaceful coexistence, dialogue, and reconciliation between Israelis and Palestinians.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Partnership Fund for Peace Act of 2019''.

SEC. 2. FINDINGS.

Congress finds the following:

(1) Economic development in conflict settings has been shown to support stabilization by empowering entrepreneurs, growing the middle class, and mitigating unemployment.

(2) In 2018, unemployment in the Palestinian territories was 32.4 percent, reaching 53.7 percent in Gaza and 18 percent in the West Bank. GDP growth in the Palestinian territories declined from 2.7 percent in 2017 to 2 percent in 2018, and it is projected to further decline to between 1.7 and 1.9 percent in 2019 and 2020.

(3) Increased economic activity and projects to improve the quality and conditions of life for the Palestinians will help create a viable Palestinian economy.

(4) Although economic development is an important tool for stabilizing conflict-prone settings and establishing connections between communities, economic development by itself will not lead to lasting peace. People-to-people peacebuilding programs further advance reconciliation efforts by promoting

greater understanding, mutual trust, and cooperation between communities.

(5) While the United States and its international allies continue to support diplomatic and political negotiations between the representatives of the parties to the Israeli-Palestinian conflict, such efforts require broad popular support among the people on the ground to succeed.

(6) Achieving sustainable, high-level agreements for lasting peace in the Middle East must come through, and with the support of, the people who live there.

(7) Economic initiatives and people-to-people peacebuilding programs can help millions of ordinary Israelis and Palestinians affected by the ongoing conflict in the Middle East.

SEC. 3. SENSE OF CONGRESS.

It is the sense of Congress that—

(1) building a viable Palestinian economy is central to the effort to preserve the possibility of a 2-state solution;

(2) strengthening engagement between the Palestinian territories, the United States and Israel in the areas of economic development and people-to-people peacebuilding programs will—

(A) increase the bonds of friendship and understanding between the people living in the Palestinian territories and the people of the United States and Israel; and

(B) advance the state of research and development in multiple sectors to the benefit of all parties;

(3) cooperation between the business sectors of the Palestinian territories, the United States and Israel will benefit the Palestinian, American, and Israeli people and should be encouraged; and

(4) United States and international support for grassroots, people-to-people efforts aimed at shared reconciliation and fostering tolerance can help counter extremist propaganda and the growing issue of incitement.

SEC. 4. PARTNERSHIP FUND FOR PEACE.

(a) ESTABLISHMENT.—

(1) IN GENERAL.—The Administrator of the United States Agency for International Development, in consultation with the Secretary of State and the Secretary of the Treasury, shall establish the Partnership Fund for Peace (referred to in this section as the ''Fund''), which—

(A) shall be funded with amounts appropriated pursuant to section 5; and

(B) managed by the Administrator of the United States Agency for International Development.

(2) CONTRIBUTIONS.—The Administrator of the United States Agency for International Development, in consultation with the Secretary of State and the Secretary of the Treasury, shall seek additional contributions for the Fund from the international community, including countries in the Middle East and Europe.

(b) GOVERNANCE.—

(1) BOARD OF GOVERNORS.—

(A) APPOINTMENT.—Except as provided in subparagraph (D), the Fund shall be governed by a Board of Governors, which shall be composed of 5 private, United States citizens or legal permanent residents, who shall be appointed by the Administrator of the United States Agency for International Development, in consultation with the Secretary of State, the Speaker of the House of Representatives, the minority leader of the House of Representa-

tives, the majority leader of the Senate, and the minority leader of the Senate.

(B) QUALIFICATIONS.—

(i) GENERAL EXPERIENCE.—Members of the Board of Governors shall be selected from among people who have demonstrated experience and expertise in the affairs related to Israel and the Palestinian territories.

(ii) BUSINESS EXPERIENCE.—Not fewer than 2 members of the Board of Governors shall have—

(I) demonstrated experience and expertise in international and particularly emerging markets investment activities, such as private equity or venture capital investment, banking, finance, strategic business consulting, or entrepreneurial business creation; and

(II) backgrounds in priority business sectors of the Palestinian economy.

(iii) CONFLICT MITIGATION EXPERIENCE.—Not fewer than 2 members of the

Board of Governors shall have demonstrated experience and expertise in conflict mitigation and people-to-people programs.

(iv) USAID OFFICIAL.—The Administrator of the United States Agency for International Development (USAID) shall appoint 1 USAID official as a member of the Board of Governors.

(C) RESPONSIBILITIES.—The Board of Governors shall—

(i) determine the amount annually allocated from the Fund for each Technical Board; and

(ii) approve the Technical Boards' recommendations, as appropriate.

(D) INTERNATIONAL DONOR SEATS.—With the approval of the existing Board of Governors, the Administrator may appoint up to 2 additional members to the Board who shall—

(i) represent international organizations or foreign governments that have donated to the Fund; and

(ii) meet the qualifications set forth in subparagraph (B)(i).

(E) TECHNICAL BOARDS.—

(i) ESTABLISHMENT.—The Board of Governors shall establish—

(I) a Business and Economic Development Technical Board; and

(II) a People-to-People Programs Technical Board.

(ii) APPOINTMENTS.—Members of the technical boards established pursuant to clause (i) shall be appointed by the Administrator of the United States Agency for International Development.

(iii) INVESTMENT APPROVAL AND RECOMMENDATIONS.—The technical boards established pursuant to clause (i)—

(I) may approve investments of Fund assets up to $250,000; and

(II) may recommend investments of Fund assets greater than $250,000, which shall be subject to the approval of the Board of Governors.

(iv) STAFF.—Each technical board established pursuant to clause (i) shall consist of a Secretariat, which shall be staffed

by individuals with demonstrated experience and expertise relevant to the technical board on which they sit.

(c) PURPOSES.—The purposes of the Fund are—

(1) to promote the private sector in the Palestinian territories through facilitating and financing between small- and medium-sized Palestinian entrepreneurs and companies and those in the United States, Israel, and other countries to improve the Palestinian private sector through economic cooperation in research and development;

(2) to improve the quality of life, stimulate the economy, and advance security by creating private sector jobs for Palestinians in the Palestinian territories and furthering the development of a Palestinian middle class; and

(3) to further shared community building, peaceful coexistence, dialogue, and reconciliation between Israelis and Palestinians by financing people-to-people peacebuilding programs.

(d) USES OF FUNDS.—Amounts deposited into the Fund may be used—

(1) to carry out the purposes set forth in subsection (c); and

(2) to pay for the administrative expenses of operating the Fund.

(e) ECONOMIC PARTNERSHIPS.—

(1) IN GENERAL.—All economic partnerships requesting support from the Fund shall include a Palestinian entrepreneur or company in the Palestinian territories and an entrepreneur or company from the United States or Israel.

(2) TRIPARTITE AGREEMENTS.—If an entrepreneur or company outside of the United States or Israel desires to partner with a Palestinian entrepreneur or company, a tripartite agreement shall be established that includes an entrepreneur or company from the United States or Israel.

(3) PRIORITY.—The Board of Governors and the technical boards established pursuant to subsection (b)(1)(E)(i) should prioritize partnerships between Israeli and Palestinian entrepreneurs and companies.

(4) FUNDING REQUIREMENT.—During each fiscal year, not less than 25 percent of the funding allocated from the Fund for economic partnerships shall be awarded to partnerships that include—

(A) Palestinian entrepreneurs or companies based in the Palestinian territories; and

(B) Israeli entrepreneurs or companies based in Israel.

(f) PEOPLE-TO-PEOPLE PARTNERSHIPS.—All people-to-people partnerships requesting support from the Fund shall include—

(1) a Palestinian nonprofit organization, an Israeli nonprofit organization, or an international nonprofit organization that brings Palestinians and Israelis together for shared community building, peaceful coexistence, dialogue, and reconciliation; or

(2) nonprofit organizations that further shared community building, peaceful coexistence, dialogue, and reconciliation between Arab and Jewish citizens of Israel.

(g) ALTERNATIVE FUNDING STREAMS.—The Board of Governors should explore initiatives to promote long-term financial sustainability of the Fund through revenue accrued by successful ventures.

(h) LIMITATIONS, VETTING, AND OVERSIGHT.—

(1) LIMITATIONS.—None of the funds made available under this Act may be made available for—

(A) financial assistance to national governments;

(B) assistance for any individual or group that the Administrator of the United States

Agency for International Development, in consultation with the heads of other relevant Federal agencies, determines to be—

(i) involved in, or advocating, terrorist activity; or

(ii) a member of a foreign terrorist organization (as designated pursuant to section 219 of the Immigration and Nationality Act (8 U.S.C. 1189)); or

(C) assistance for the Palestinian Authority, Hamas, or the Palestine Liberation Organization.

(2) APPLICABLE LAWS.—Assistance from the Fund shall be subject to all relevant laws relating to United States Government assistance, including to the Palestinians.

(3) COMPLIANCE WITH MISSION DIRECTIVES.—All expenditures from the Fund shall follow the mission directives applicable to the West Bank and Gaza that have been issued by United States Agency for International Development Mission Director or Contracting Officer.

(4) USAID INSPECTOR GENERAL.—All operations and expenditures of the Fund shall be subject to audits, investigations, and inspections conducted

by the Office of the Inspector General at the United States Agency for International Development.

(5) GAO.—All operations and expenditures of the Fund shall be subject to assessment by the Government Accountability Office.

(i) ANNUAL REPORT.—

(1) IN GENERAL.—Not later than 90 days after the end of the fiscal year during which the Fund is established and annually thereafter, the Administrator of the United States Agency for International Development shall submit a written report to the Committee on Foreign Relations of the Senate, the Committee on Appropriations of the Senate, the Committee on Foreign Affairs of the House of Representatives, and the Committee on Appropriations of the House of Representatives that describes the extent to which the Fund, and United States contributions to the Fund, have contributed—

(A) to promoting and supporting joint economic development;

(B) to integrating the Palestinian economy into the international business system; and

(C) to furthering contact, cooperation, dialogue, and reconciliation between Israelis and Palestinians.

(2) MATTERS TO BE INCLUDED.—Each report under paragraph (1) shall include—

(A) information regarding—

(i) contributions pledged to, contributions (including donations from the private sector) received by, and projects funded by the Fund; and

(ii) the mechanisms established for transparency and accountability in the grant making and investment process;

(B) a description of the Fund's operations, activities, budget, receipts, and expenditures for the preceding 12-month period, including an audited report of the Fund's finances, including statements of financial position, operations, and cash flows, in accordance with generally accepted government auditing standards prescribed by the Comptroller General of the United States;

(C) insights gleaned from improvements to the efficacy of people-to-people relationships;

(D) a description of potential strategies for achieving sustainability for civic institutions that the Fund creates or supports, including novel financing mechanisms; and

(E) a description of the process for vetting and oversight of entities eligible for support from the Fund to ensure compliance with subsection (h).

SEC. 5. AUTHORIZATION OF APPROPRIATIONS.

(a) IN GENERAL.—There is authorized to be appropriated $50,000,000 for each of the first 5 fiscal years beginning after the date of the enactment of this Act.

(b) AVAILABILITY.—Amounts appropriated pursuant to subsection (a) shall be used for United States contributions to the Partnership Fund for Peace established pursuant to section 4(a).

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