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

MARKUP
BEFORE THE
COMMITTEE ON FOREIGN AFFAIRS
HOUSE OF REPRESENTATIVES
ONE HUNDRED FIFTEENTH CONGRESS
SECOND SESSION
ON
MAY 9, 2018
Serial No. 115–127
Printed for the use of the Committee on Foreign Affairs

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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, 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:]
H. R. 5105

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

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

A BILL

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

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

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the “Better Utilization of Investments Leading to Development Act of 2018” or the “BUILD Act of 2018”.

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

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

TITLE I—ESTABLISHMENT
TITLE II—AUTHORITIES

Sec. 201. Authorities related 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. Audit 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 superseded 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:
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(1) APPROPRIATE CONGRESSIONAL COMMITTEES.—The term “appropriate congressional committees” means—

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

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

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

(3) PREDECESSOR AUTHORITY.—The term “predecessor authority” means authorities repealed by title VI.

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

(A) any agency or instrumentality of a foreign state (as defined in section 1603 of title 28, United States Code); and
(B) any international financial institution
(as defined in section 1701(e) of the International Financial Institutions Act (22 U.S.C.
262r(e))).

TITLE I—ESTABLISHMENT

SEC. 101. STATEMENT OF POLICY.

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

(1) to mobilize private capital in support of sustainable, broad-based economic growth, poverty reduction, and development through demand-driven partnerships with the private sector that further the foreign policy interests of the United States;

(2) to finance development in a way that builds and strengthens civic institutions, promotes competition, provides for public accountability and transparency;

(3) to help private sector actors overcome identifiable market gaps and inefficiencies without distorting markets;

(4) to achieve clearly defined economic and social development outcomes;
(5) to coordinate with institutions with purposes similar to the purposes of the Corporation to leverage resources of those institutions to produce the greatest impact;

(6) to help countries currently receiving United States assistance to graduate from their status as recipients of assistance;

(7) to leverage the private sector and innovative development tools as a means to lessen the reliance of the United States on traditional forms of foreign assistance over time; and

(8) to complement and be guided by overall United States foreign policy and development objectives, taking into account the policies of countries receiving support.

SEC. 102. UNITED STATES INTERNATIONAL DEVELOPMENT FINANCE CORPORATION.

(a) Establishment.—There is established in the Executive branch the United States International Development Finance Corporation (in this Act referred to as the “Corporation”), which shall be a wholly owned Government corporation (as defined in section 9101 of title 31, United States Code).

(b) Purpose.—The purpose of the Corporation shall be to mobilize and facilitate the participation of private
sector capital and skills in the economic development of
dless developed countries, as described in subsection (c),
and countries in transition from nonmarket to market
economies, in order to complement the development assist-
ance objectives, and advance the foreign policy interests,
of the United States. In carrying out its purpose, the Cor-
poration, utilizing broad criteria, shall take into account
in its financing operations the economic and financial
soundness of projects for which it provides support under
title II.

(c) LESS DEVELOPED ECONOMY FOCUS.—

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

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

(A) the President determines such support
furthers the national economic or foreign policy
interests of the United States; and
(B) such support is likely to be highly developmental or provide developmental benefits to the poorest population of that country.

(d) Authorization To Make Expenditures and Commitments.—The Corporation may make, without regard to fiscal year limitation, such expenditures and commitments as may be necessary using amounts appropriated to the Corporation pursuant to section 9104 of title 31, United States Code, and otherwise in accordance with law.

(c) Project-Specific Transaction Costs Not Administrative Expenses.—Project-specific transaction costs, including direct and indirect costs incurred in claims settlements, and other direct costs associated with the provision of support to private sector entities and qualifying sovereign entities under title II shall not be considered administrative expenses for the purposes of this section.

SEC. 103. MANAGEMENT OF CORPORATION.

(a) Structure of Corporation.—There shall be in the Corporation a Board of Directors (in this Act referred to as the “Board”), a Chief Executive Officer, a Deputy Chief Executive Officer, a Chief Risk Officer, and such other officers as the Board may determine.

(b) Board of Directors.—
(1) **DUTIES.**—All powers of the Corporation shall vest in and be exercised by or under the authority of the Board. The Board—

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

   (B) may prescribe, amend, and repeal by-laws, rules, regulations, and procedures governing the manner in which the business of the Corporation may be conducted and in which the powers granted to the Corporation by law may be exercised.

(2) **MEMBERSHIP OF BOARD.**—

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

   (i) the Chief Executive Officer of the Corporation;

   (ii) the officers specified in subparagraph (B); and

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

   (I) one individual should be appointed from among a list of individuals submitted by the majority leader
of the Senate after consultation with the chairman of the Committee on Foreign Relations of the Senate;

(II) one individual should be appointed from among a list of individuals submitted by the minority leader of the Senate after consultation with the ranking member of the Committee on Foreign Relations of the Senate;

(III) one individual should be appointed from among a list of individuals submitted by the Speaker of the House of Representatives after consultation with the chairman of the Committee on Foreign Affairs of the House of Representatives; and

(IV) one individual should be appointed from among a list of individuals submitted by the minority leader of the House of Representatives after consultation with the ranking member of the Committee on Foreign Affairs of the House of Representatives.

(B) OFFICERS SPECIFIED.—
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(i) IN GENERAL.—The officers specified in this subparagraph are the following:

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

(II) The Administrator of the United States Agency for International Development or a designee of the Administrator.

(III) The Secretary of the Treasury or a designee of the Secretary.

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

(ii) REQUIREMENTS FOR DESIGNEES.—A designee under clause (i) shall be selected from among officers—

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

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

(III) who is designated by and serving at the pleasure of the President.
(C) REQUIREMENTS FOR PRIVATE SECTOR MEMBERS.—A member of the Board described in subparagraph (A)(iii)—

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

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

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

(iv) shall serve until the member’s successor is appointed and confirmed;

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

(vi) may be paid per diem in lieu of subsistence at the applicable rate under the Federal Travel Regulation under sub-title F of title 41, Code of Federal Regulations, from time to time, while away from the home or usual place of business of the member.
(3) **Chairperson.**—There shall be a Chairperson of the Board designated by the President from among the individuals described in paragraph (2)(A).

(4) **Vice Chairperson.**—The Administrator of the United States Agency for International Development, or the designee of the Administrator under paragraph (2)(B)(i)(II), shall serve as the Vice Chairperson of the Board.

(5) **Quorum.**—Six members of the Board shall constitute a quorum for the transaction of business by the Board.

(c) **Public Hearings.**—

(1) **Public Hearings by the Board.**—The Board shall hold at least one public hearing each year in order to afford an opportunity for any person to present views with respect to whether—

(A) the Corporation is carrying out its activities in accordance with this Act; and

(B) any support provided by the Corporation under title II in any country should have been or should be extended.

(2) **Additional Public Hearings.**—In conjunction with each meeting of the Board, the Corporation shall hold a public hearing in order to af-
ford an opportunity for any person to present views
regarding the activities of the Corporation. Such
views shall be made part of the record.
(d) CHIEF EXECUTIVE OFFICER.—

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

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

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

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

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

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

(f) CHIEF RISK OFFICER.—

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

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

(B) shall report directly to the Board; and

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

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

(g) COORDINATION.—The Chief Executive Officer
shall consult with the Administrator of the United States
Agency for International Development and Chief Execu-
tive Officer of the Millennium Challenge Corporation to
coordinate the activities of the Corporation with the activi-
ties of the United States Agency for International Devel-
opment and the Millennium Challenge Corporation, such
as by establishing in the Corporation a Chief Development
Officer who shall have responsibility for coordinating de-
velopment finance policy and implementation efforts of the
Corporation with the United States Agency for Inter-
national Development and the Millennium Challenge Cor-
poration and their respective development missions.

(h) Officers and Employees.—

(1) In general.—Except as otherwise pro-
vided in this section, officers, employees, and agents
shall be selected and appointed by the Corporation,
and shall be vested with such powers and duties as
the Corporation may determine.

(2) Administratively determined employees.—

(A) Appointment; compensation; re-
moval.—Of officers and employees employed
by the Corporation under paragraph (1), not to
exceed 50 may be appointed, compensated, or
removed without regard to title 5, United
States Code.
(B) REINSTALLMENT.—Under such regulations as the President may prescribe, officers and employees appointed to a position under subparagraph (A) may be entitled, upon removal from such position (unless the removal was for cause), to reinstatement to the position occupied at the time of appointment or to a position of comparable grade and salary.

(C) ADDITIONAL POSITIONS.—Positions authorized by subparagraph (A) shall be in addition to those otherwise authorized by law, including positions authorized under section 5108 of title 5, United States Code.

(D) RATES OF PAY FOR OFFICERS AND EMPLOYEES.—The Corporation may set and adjust rates of basic pay for officers and employees appointed under subparagraph (A) without regard to the provisions of chapter 51 or subchapter III of chapter 53 of title 5, United States Code, relating to classification of positions and General Schedule pay rates, respectively.

(3) LIABILITY OF EMPLOYEES.—

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

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

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

(i) to affect—

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

(II) any other right or remedy
against the Corporation, against the
United States under applicable law, or
against any person other than an individual described in subparagraph (A) participating in such a transaction; or (ii) to limit or alter in any way the immunities that are available under applicable law for Federal officers and employees not described in this paragraph.

SEC. 104. INSPECTOR GENERAL OF THE CORPORATION.

The President shall appoint and maintain an Inspector General in the Corporation, in accordance with the Inspector General Act of 1978 (5 U.S.C. App.).

TITLE II—AUTHORITIES

SEC. 201. AUTHORITIES RELATING TO PROVISION OF SUPPORT.

(a) LENDING AND GUARANTIES.—

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

(2) DENOMINATION.—Loans and guaranties issued under paragraph (1) may be denominated and repayable in United States dollars or foreign currencies.

(3) APPLICABILITY OF FEDERAL CREDIT REFORM ACT OF 1990.—Loans and guaranties issued under paragraph (1) shall be subject to the require-
ments of the Federal Credit Reform Act of 1990 (2
U.S.C. 661 et seq.).
(b) **Equity Investments.**—

(1) **In General.**—The Corporation may, as a
minority investor, support projects with funds or use
other mechanisms for the purpose of purchasing,
and may make and fund commitments to purchase,
invest in, make pledges in respect of, or otherwise
acquire, equity or quasi-equity securities or shares or
financial interests of any entity, including as a lim-
ited partner or other investor in investment funds,
upon such terms and conditions as the Corporation
may determine.

(2) **Denomination.**—Support provided under
paragraph (1) may be denominated and repayable in
United States dollars or foreign currency.

(3) **Guidelines and Criteria.**—The Corpora-
tion shall develop guidelines and criteria to require
that the use of the authority provided by paragraph
(1) with respect to a project has a clearly defined
development rationale, taking into account the fol-
lowing factors:

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

(B) The project would not have proceeded or would have been substantially delayed without the support.

(C) The support will meaningfully contribute to transforming local conditions to promote the development of markets.

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

(E) The support can be shown to have significant developmental impact and will contribute to long-term commercial sustainability.

(4) LIMITATIONS ON EQUITY INVESTMENTS.—

(A) PER PROJECT LIMIT.—The aggregate amount of support provided under this subsection with respect to any project shall not exceed 20 percent of the aggregate amount of all equity investment made from any source to the project at the time that the Corporation approves support of the project.

(B) TOTAL LIMIT.—Support provided pursuant to this subsection shall be limited to not more than 35 percent of the Corporation’s ag-
aggregate exposure on the date that such support
is provided.

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

(e) **INSURANCE AND REINSURANCE.**—The Corpora-
tion may issue insurance or reinsurance, upon such terms
and conditions as the Corporation may determine, to pri-
ivate sector entities and qualifying sovereign entities assur-
ing protection of their investments in whole or in part
against any or all political risks such as currency inconvert-
ibility and transfer restrictions, expropriation, war,
terrorism, and civil disturbance, breach of contract, or
non-honoring of financial obligations.

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

(1) **IN GENERAL.**—The Corporation may initi-
tiate and support, through financial participation,
incentive grant, or otherwise, and on such terms and
conditions as the Corporation may determine, feasibility
studies for the planning, development, and
management of, and procurement for, bilateral and
multilateral development projects, including training
activities undertaken in connection with such
projects, for the purpose of promoting investment in
such projects and the identification, assessment, sur-
veying, and promotion of private investment oppor-
tunities, utilizing wherever feasible and effective, the
facilities of private investors.

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

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

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

e) SPECIAL PROJECTS AND PROGRAMS.—The Cor-
poration may administer and manage special projects and
programs, including programs of financial and advisory
support that provide private technical, professional, or
managerial assistance in the development of human re-
sources, skills, technology, capital savings, and inter-
mediate financial and investment institutions and cooper-
tives and including the initiation of incentives, grants, and
studies for renewable energy, microenterprise households, and other small business activities.

(f) ENTERPRISE FUNDS.—

(1) IN GENERAL.—The Corporation may establish and operate enterprise funds in accordance with this subsection.

(2) PROCEDURES AND REQUIREMENTS.—The provisions of section 201 of the Support for East European Democracy (SEED) Act of 1989 (22 U.S.C. 5421) (other than the provisions of subsections (a), (b), (c), (d)(1), (d)(3), (e), (f), and (j) of that section), shall be deemed to apply with respect to any enterprise fund established by the Corporation under this subsection and to funds made available to any such enterprise fund in the same manner and to the same extent as such provisions apply with respect to enterprise funds established pursuant to such section 201 or to funds made available to enterprise funds established under that section.

(3) PURPOSES FOR WHICH SUPPORT MAY BE PROVIDED.—The Corporation, subject to the approval of the Board, may designate private, non-profit organizations as eligible to receive support under this subsection for the following purposes:
(A) To promote development of economic freedom and private sectors, including small- and medium-sized businesses and joint ventures with the United States and host country participants.

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

(C) To promote policies and practices conducive to economic freedom and private sector development.

(D) To attract foreign direct investment capital to further promote private sector development and economic freedom.

(E) To complement the work of the United States Agency for International Development and other donors to improve the overall business-enabling environment, financing the creation and expansion of the private business sector.

(F) To make financially sustainable investments designed to generate measurable social benefits and build technical capacity in addition to financial returns.
(4) OPERATION OF FUNDS.—

(A) EXPENDITURES.—Funds made available to an enterprise fund shall be expended at the minimum rate necessary to make timely payments for projects and activities carried out under this subsection.

(B) ADMINISTRATIVE EXPENSES.—Not more than 3 percent of the funds made available to an enterprise fund may be obligated or expended for the administrative expenses of the enterprise fund.

(5) BOARD OF DIRECTORS.—Each enterprise fund established under this subsection shall be governed by a Board of Directors comprised of private citizens of the United States or the host country, who—

(A) shall be appointed by the President after consultation with the chairmen and ranking members of the appropriate congressional committees; and

(B) have pursued careers in international business and have demonstrated expertise in international and emerging market investment activities.
(6) **MAJORITY MEMBER REQUIREMENT.**—The majority of the members of the Board of Directors shall be United States citizens.

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

(A) submit to the appropriate congressional committees a report—

(i) detailing the administrative expenses of the enterprise fund during the year preceding the submission of the report;

(ii) describing the operations, activities, financial condition, and accomplishments of the enterprise fund during that year; and

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

(B) publish, on a publicly available internet website of the enterprise fund, each report required by subparagraph (A).
(8) OVERSIGHT.—

(A) INSPECTOR GENERAL PERFORMANCE AUDITS.—

(i) IN GENERAL.—The Inspector General of the Corporation shall conduct periodic audits of the activities of each enterprise fund established under this subsection.

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

(I) support the purposes described in paragraph (3);

(II) result in profitable private sector investing; and

(III) generate measurable social benefits.

(B) RECORDKEEPING REQUIREMENTS.—The Corporation shall ensure that each enterprise fund receiving support under this subsection—

(i) keeps separate accounts with respect to such support; and
(ii) maintains such records as may be reasonably necessary to facilitate effective audits under this paragraph.

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

(10) TERMINATION.—The authority of an enterprise fund to provide support under this subsection shall terminate on the earlier of—

(A) the date that is 7 years after the date of the first expenditure of amounts from the enterprise fund; or

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

(g) OTHER AUTHORITIES.—The Corporation shall have, in addition to other authorities provided under this section, such authorities as are provided for under the State Department Basic Authorities Act of 1956 (22 U.S.C. 2651a et seq.) and the Foreign Assistance Act of 1961 (22 U.S.C. 2151 et seq.) and delegated by the President to the Overseas Private Investment Corporation or an element of the United States Agency for International
Development specified in section 603(a)(2) as of the day before the date of the enactment of this Act.

SEC. 202. TERMS AND CONDITIONS.

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

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

(1) The Corporation shall make a loan or guaranty only if it is necessary—

(A) to alleviate a credit market imperfection;

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

(2) The final maturity of a loan made or guaranteed by the Corporation shall not exceed the lesser of—

(A) 25 years; or

(B) the useful life of any physical asset to be financed by the loan (as determined by the Corporation).
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(3) The Corporation shall, with respect to providing any loan guaranty to a project, require the parties to the loan guaranteed by the Corporation to bear the risk of loss for at least 20 percent of the guaranteed support by the Corporation in the project.

(4) The Corporation may not guarantee a loan unless the Corporation determines that the lender is responsible and that adequate provision is made for servicing the loan on reasonable terms and protecting the financial interest of the United States.

(5) The interest rate for direct loans and interest supplements on guaranteed loans shall be set by reference to a benchmark interest rate (yield) on marketable Treasury securities or other widely recognized benchmarks with a similar maturity to the loans being made or guaranteed. The Corporation shall establish appropriate minimum interest rates for loans, guarantees, insurance, and other instruments as necessary.

(6) The minimum interest rate for new loans as established by the Corporation shall be adjusted periodically to take account of changes in the interest rate of the benchmark financial instrument.
(7)(A) The Corporation shall set fees or pre-
miums for loan guarantee or insurance coverage at
levels that minimize the cost to the Government (as
defined in section 502 of the Federal Credit Reform
Act of 1990 (2 U.S.C. 661a)) of such coverage,
while supporting achievement of the objectives of the
loan.

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

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

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

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

(B) the loan qualified for the guaranty;

and

(C) but for fraud or material misrepresen-
tation by the holder of the guaranty, the guar-
anty is presumed to be valid, legal, and enforceable.

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

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

(11) The Corporation may not make loans or loan guaranties except to the extent that budget authority to cover the costs of the loans or guaranties is provided in advance in an appropriations Act, as required by section 504 of the Federal Credit Reform Act of 1990 (2 U.S.C. 661e).

SEC. 203. PAYMENT OF LOSSES.

(a) Payments for Defaults on Guaranteed Loans.—

(1) In general.—If the Corporation determines that the holder of a loan guaranteed by the Corporation suffers a loss as a result of a default by a borrower on the loan, the Corporation shall pay to the holder the percent of the loss, as specified in the guaranty contract after the holder of the loan has
made such further collection efforts and instituted such enforcement proceedings as the Corporation may require.

(2) Subrogation.—Upon making a payment described in paragraph (1), the Corporation shall ensure the Corporation will be subrogated to all the rights of the recipient of the payment.

(3) Recovery Efforts.—The Corporation shall pursue recovery from the borrower of the amount of any payment made under paragraph (1) with respect to the loan.

(b) Limitation on Payments.—

(1) In general.—Except as provided by paragraph (2), compensation for insurance, reinsurance, or a guaranty issued under this title shall not exceed the dollar value of the insurance, reinsurance, or guaranty, as of the date of its issuance, made in the project with the approval of the Corporation, plus interest, earnings, or profits actually accrued on the insurance, reinsurance, or guaranty, to the extent provided by such insurance, reinsurance, or guaranty.

(2) Exception.—

(A) In general.—The Corporation may provide that—
(i) appropriate adjustments in the insured dollar value be made to reflect the replacement cost of project assets; and

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

(3) ADDITIONAL LIMITATION.—

(A) IN GENERAL.—Notwithstanding paragraph (2)(A)(ii) and except as provided in subparagraph (B), the Corporation shall limit the amount of direct insurance and reinsurance issued under section 201 with respect to a project so as to require that the insured and its affiliates bear the risk of loss for at least 10 percent of the amount of the Corporation’s exposure to that insured and its affiliates in the project.

(B) EXCEPTION.—The limitation under subparagraph (A) shall not apply to direct insurance or reinsurance of loans provided by banks or other financial institutions to unrelated parties.
(c) ACTIONS BY ATTORNEY GENERAL.—The Attorney General shall take such action as may be appropriate to enforce any right accruing to the United States as a result of the issuance of any loan or guarantee under this title.

(d) RULE OF CONSTRUCTION.—Nothing in this section shall be construed to preclude any forbearance for the benefit of a borrower that may be agreed upon by the parties to a loan guaranteed by the Corporation if budget authority for any resulting costs to the United States Government (as defined in section 502 of the Federal Credit Reform Act of 1990 (2 U.S.C. 661a)) is available.

SEC. 204. TERMINATION.

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

TITLE III—ADMINISTRATIVE AND GENERAL PROVISIONS

SEC. 301. OPERATIONS.

(a) BILATERAL AGREEMENTS.—The Corporation may provide support under title II in connection with projects in any country the government of which has entered into an agreement with the United States authorizing the Corporation to provide such support in that country.
(b) **Claims Settlement.**—

(1) **In General.**—Claims arising as a result of support provided under title II or under predecessor authority may be settled, and disputes arising as a result thereof may be arbitrated with the consent of the parties, on such terms and conditions as the Corporation may determine.

(2) **Settlements Conclusive.**—Payment made pursuant to any settlement pursuant to paragraph (1), or as a result of an arbitration award, shall be final and conclusive notwithstanding any other provision of law.

(c) **Presumption of Compliance.**—Each contract executed by such officer or officers as may be designated by the Board shall be conclusively presumed to be issued in compliance with the requirements of this Act.

(d) **Electronic Payments and Documents.**—The Corporation shall implement policies to accept electronic documents and electronic payments in all of its programs.

**SEC. 302. CORPORATE POWERS.**

(a) **In General.**—The Corporation—

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

(2) may make and perform such contracts, including no-cost contracts (as defined by the Corpora-
tion), grants, and other agreements notwithstanding division C of subtitle I of title 41, United States Code, with any person or government however designated and wherever situated, as may be necessary for carrying out the functions of the Corporation;

(3) may determine and prescribe the manner in which its obligations shall be incurred and its expenses allowed and paid, including expenses for representation;

(4) may lease, purchase, or otherwise acquire, improve, and use such real property wherever situated, as may be necessary for carrying out the functions of the Corporation;

(5) may accept cash gifts or donations of services or of property (real, personal, or mixed), tangible or intangible, for the purpose of carrying out the functions of the Corporation;

(6) may use the United States mails in the same manner and on the same conditions as the Executive departments (as defined in section 101 of title 5, United States Code);

(7) may contract with individuals for personal services, who shall not be considered Federal employees for any provision of law administered by the Director of the Office of Personnel Management;
(8) may hire or obtain passenger motor vehicles;

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

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

(11) may indemnify directors, officers, employees, and agents of the Corporation for liabilities and expenses incurred in connection with their activities on behalf of the Corporation;

(12) notwithstanding any other provision of law, may represent itself or contract for representation in all legal and arbitral proceedings;

(13) may purchase, discount, rediscount, sell, and negotiate, with or without its endorsement or guaranty, and guarantee notes, participation certificates, and other evidence of indebtedness;
(14) may exercise any priority of the Government of the United States in collecting debts from bankrupt, insolvent, or decedents' estates;

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

(16) may manage assets described in section 3(9) of Public Law 110–343 (12 U.S.C. 5202(9)) in a manner designed to minimize cost to the Corporation, including establishing vehicles that are authorized to purchase, hold, and sell assets and issue obligations;

(17) may make arrangements with foreign governments (including agencies, instrumentalities, or political subdivisions of such governments) or with multilateral organizations or institutions for sharing liabilities;

(18) may revolve funds of the Corporation through selling direct investments of the Corporation to private investors upon such terms and conditions as the Corporation may determine; and
(19) shall have such other powers as may be necessary and incident to carrying out the functions of the Corporation.

(b) TREATMENT OF PROPERTY.—Notwithstanding any other provision of law relating to the acquisition, handling, or disposal of property by the United States, the Corporation shall have the right in its discretion to complete, recondition, reconstruct, renovate, repair, maintain, operate, or sell any property acquired by the Corporation pursuant to the provisions of this Act.

SEC. 303. MAXIMUM CONTINGENT LIABILITY.

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

(b) AMOUNT SPECIFIED.—

(1) INITIAL 5-YEAR PERIOD.—The amount specified in this subsection for the 5-year period beginning on the date of the enactment of this Act, is $60,000,000,000.

(2) SUBSEQUENT 5-YEAR PERIODS.—Not later than 5 years after the date of the enactment of this Act, and every 5 years thereafter, the amount specified in paragraph (1) shall be adjusted to reflect the percentage of the increase (if any) in the average of
the Consumer Price Index during the preceding 5-
year period.

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

**SEC. 304. CORPORATE FUNDS.**

(a) **CORPORATE CAPITAL ACCOUNT.**—

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

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

(B) are made available to the Corporation
pursuant to subsections (d), (e), and (f), or other-
wise available pursuant to this section.

(2) **USE OF FUNDS.**—Amounts in the Corporate
Capital Account shall be available for discharge of li-
abilities of the Corporation, until such time as all
such liabilities have been discharged or have expired
or until all of the amounts in the Account have been
expended in accordance with the provisions of this
section,
(b) Transfer of Previous Fees and Revenue.— There is hereby authorized to be transferred to the Corporation at its call, for the purposes specified in subsection (g), all fees and other revenues collected by the Overseas Private Investment Corporation pursuant to the reorganization plan submitted by the President under section 602.

(c) Full Faith and Credit.— All support provided pursuant to predecessor authorities or title II shall continue to constitute obligations of the United States, and the full faith and credit of the United States is hereby pledged for the full payment and performance of such obligations.

(d) Authorization of Appropriations.— There are authorized to be appropriated to the Corporation, to remain available until expended, such amounts as may be necessary from time to time to replenish or increase the Corporate Capital Account.

(e) Issuance of Obligations.—

(1) In General.— In order to discharge liabilities of the Corporation, the Corporation may issue from time to time for purchase by the Secretary of the Treasury notes, debentures, bonds, or other obligations of the Corporation.
(2) LIMITATION.—The aggregate amount of obligations outstanding under paragraph (1) at any one time shall not exceed $1,000,000,000.

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

(4) INTEREST RATE.—Any obligation issued under paragraph (1) shall bear interest at a rate determined by the Secretary, taking into consideration the current average market yield on outstanding marketable obligations of the United States of comparable maturities during the month preceding the issuance of any obligation authorized by this subsection.

(5) PURCHASE.—The Secretary shall purchase any obligation of the Corporation issued under paragraph (1), and for such purchase the Secretary may use as a public debt transaction the proceeds of the sale of any securities issued under chapter 31 of title 31, United States Code. The purpose for which securities may be issued under such chapter shall include any such purchase.

(6) FUNDING.—There are hereby authorized to be appropriated to the Secretary for fiscal year 2018
and each fiscal year thereafter such sums as may be necessary to carry out this subsection.

(f) **FEES.—**

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

(2) **USE OF FEES.—** All fees under paragraph (1) paid for transaction costs and other costs associated with services provided shall be available for obligation for the purposes for which such fees were collected.

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

(1) payment of all expenses of the Corporation;

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

(3) payment of dividends on capital stock, which shall consist of and be paid from net earnings
of the Corporation after payments, transfers, and
additions under paragraphs (1) and (2); and
(4) transfer of such sums as may be necessary
from the Corporate Capital Account for costs (as de-
fined in section 502 of the Federal Credit Reform
Act of 1990 (2 U.S.C. 661a)) of providing support
under title II, including the costs of modifying such
support.
(h) TRANSACTION COSTS.—Transaction costs in-
curred by the Corporation, including such costs relating
to loan obligations or loan guarantee commitments covered
by the provisions of the Federal Credit Reform Act of
1990 (2 U.S.C. 661 et seq.), shall be held in and paid
out of the Corporate Capital Account.
SEC. 305. COORDINATION WITH MILLENNIUM CHALLENGE
CORPORATION ON CONSTRAINTS ANALYSIS.
It is the sense of Congress that the Corporation
should use the constraints analysis and other relevant data
of the Millennium Challenge Corporation to better inform
the decisions of the Corporation with respect to providing
support under title II.
TITLE IV—MONITORING, EVALUATION, AND REPORTING

SEC. 401. ESTABLISHMENT OF RISK AND AUDIT COMMITTEES.

(a) IN GENERAL.—To manage risks such as key strategic, reputational, regulatory, operational, and financial risks the Corporation shall establish a risk committee and an audit committee.

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

(1) carrying out independent oversight of the Corporation;

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

(3) developing policies for enterprise risk management, monitoring, and management of strategic, reputational, regulatory, operational, and financial risks.

SEC. 402. PERFORMANCE MEASURES.

(a) IN GENERAL.—The Corporation shall develop a performance measurement system to evaluate and monitor projects supported by the Corporation under title II and to guide future projects of the Corporation.
(b) **Considerations.**—In developing the performance measurement system required by subsection (a), the Corporation shall—

1. develop a successor for the development impact measurement system used by the Overseas Private Investment Corporation before the date of the enactment of this Act;
2. develop a mechanism for ensuring that support provided by the Corporation under title II is in addition to private investment; and
3. develop standards for, and a method for ensuring, appropriate financial performance of the Corporation’s portfolio.

(c) **Public Availability of Certain Information.**—The Corporation shall regularly make available to the public information about support provided by the Corporation under title II and performance metrics about such support on a country-by-country basis.

(d) **Consultations.**—In developing the performance measurement system required by subsection (a), the Corporation shall consult with stakeholders engaged in sustainable economic growth and development outside the United States, including private sector entities and non-governmental and civil society organizations.
SEC. 403. ANNUAL REPORT.

(a) IN GENERAL.—After the end of each fiscal year, the Corporation shall submit to the appropriate congressional committees a complete and detailed report of its operations during that fiscal year, including an assessment of—

(1) the economic and social development impact and benefits of projects supported by the Corporation under title II; and

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

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

(1) reviews and analysis of—

(A) the desired development outcomes for each project, and whether or not the project is meeting the associated metrics, goals, and development objectives in the years following the conclusion of the project; and

(B) the effect of the Corporation’s support for the project on access to capital, specifically whether the project is addressing identifiable
market gaps or inefficiencies and what impact, if any, such support will have on access to cred-
it for private sector entities in the country in which the project is carried out;

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

(3) projections of—

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

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

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

SEC. 404. PUBLICLY AVAILABLE PROJECT INFORMATION.
The Corporation shall—
(1) maintain a user-friendly, publicly available, machine-readable database with detailed country-level information, including a description of the support provided by the Corporation under title II; and

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

SEC. 405. AUDITS AND FINANCIAL STATEMENTS OF THE CORPORATION.

(a) Audits.—Subject to subsection (f), an independent certified public accountant shall perform a financial and compliance audit of the financial statements of the Corporation annually, in accordance with generally accepted government auditing standards for a financial and compliance audit, as issued by the Comptroller General of the United States.

(b) Reports on Audits.—The independent certified public accountant who conducts an audit under subsection (a) shall report the results of the audit to the Executive Director of the Corporation and the appropriate congressional committees.

(c) Presentation.—The financial statements of the Corporation and the report required by subsection (b)
shall be presented in accordance with generally accepted
accounting principles.

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

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

(2) the financial statements of the Corporation.

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

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

(g) AVAILABILITY OF INFORMATION.—All books, ac-
counts, financial records, reports, files, workpapers, and
property belonging to or in use by the Corporation or the
accountant who conducts an audit under subsection (a)
that are necessary for purposes of conducting the audit,
shall be made available to the Comptroller General and
such employees as the Comptroller General considers ap-
propriate.

SEC. 406. ENGAGEMENT WITH INVESTORS.
(a) IN GENERAL.—The Corporation shall, in coopera-
tion with the Administrator of the United States Agency
for International Development—

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

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

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

(4) pursue projects of all sizes, especially those
that are small but designed for work in the most un-
derdeveloped areas, including countries with chronic
suffering as a result of extreme poverty, fragile insti-
tutions, or a history of violence; and
(5) pursue projects consistent with the stated goals of the Department of State and the Strategic Plan and the Mission Country Development Cooperation Strategies of the United States Agency for International Development.

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

(1) develop risk mitigation tools;

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

(3) support intermediaries linking capital supply and demand;

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

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

(6) offer strategic planning and programming assistance to catalyze investment into priority sectors;

(7) provide transaction structuring support;

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

(9) partner with private sector entities that provide access to capital and expertise; and
(10) identify and screen new investment partners.

TITLE V—CONDITIONS, RESTRICTIONS, AND PROHIBITIONS

SEC. 501. LIMITATIONS AND PREFERENCES.

(a) Limitation on support for single entity.—No entity receiving support from the Corporation under title II may receive more than an amount equal to 5 percent of the Corporation’s maximum contingent liability authorized under section 303.

(b) Preference for support of investment by United States investors.—

(1) In general.—The Corporation shall give preferential consideration to projects sponsored by or involving private sector entities that are United States persons.

(2) United States person defined.—In this subsection, the term “United States person” means—

(A) a United States citizen; or

(B) an entity significantly beneficially owned by individuals described in subparagraph (A).
(c) Preference for Provision of Support in Countries in Compliance With International Trade Obligations.—

(1) Consultations with United States trade representative.—Not less frequently than annually, the Corporation shall consult with the United States Trade Representative with respect to the status of countries eligible to receive support from the Corporation under title II and the compliance of those countries with their international trade obligations.

(2) Preferential consideration.—The Corporation shall give preferential consideration to providing support under title II for projects in countries in compliance with or making substantial progress coming into compliance with their international trade obligations.

(d) Worker Rights.—The Corporation should support projects under title II in countries that are taking steps to adopt and implement laws that extend internationally recognized worker rights (as defined in section 507 of the Trade Act of 1974 (19 U.S.C. 2467)) to workers in that country.

(e) Environmental Impact.—The Board shall not vote in favor of any project proposed to be supported by
the Corporation under title II that is likely to have significant adverse environmental impacts that are sensitive, diverse, or unprecedented, unless—

(1) before the date of the vote, an environmental impact assessment or initial environmental audit, analyzing the environmental impacts of the proposed project and of alternatives to the proposed project, is completed; and

(2) such assessment or audit has been made available to the public of the United States, locally affected groups in the country in which the project will be carried out, and nongovernmental organizations in that country.

SEC. 502. ADDITIONALITY AND AVOIDANCE OF MARKET DISTORTION.

(a) IN GENERAL.—Before the Corporation provides support for a project under title II, the Corporation shall ensure that private sector entities are afforded an opportunity to support the project instead of the project receiving support from the Corporation.

(b) SAFEGUARDS, POLICIES, AND GUIDELINES.—The Corporation shall develop appropriate safeguards, policies, and guidelines to ensure that support provided by the Corporation under title II—
(1) supplements and encourages, but does not compete with, private sector support; and

(2) operates according to internationally recognized best practices and standards with respect to ensuring the avoidance of market distorting government subsidies and the crowding out of private sector lending.

SEC. 503. PROHIBITION ON SUPPORT IN SANCTIONED COUNTRIES AND WITH SANCTIONED PERSONS.

(a) In General.—The Corporation is prohibited from providing support under title II in a country the government of which the Secretary of State has determined has repeatedly provided support for acts of international terrorism for purposes of—


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

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

(4) any other provision of law.
(b) **Prohibition on Support of Sanctioned Persons.**—The Corporation is prohibited from supporting a project under title II that benefits any entity subject to sanctions imposed by the United States.

SEC. 504. **Penalties for Misrepresentation, Fraud, and Bribery.**

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

SEC. 505. **Market Displacement by State-Owned Enterprises and Monopolies.**

(a) **Policies With Respect to State-Owned Enterprises.**—The Corporation shall develop appropriate policies and guidelines to ensure that support provided under title II to a state-owned enterprise, sovereign wealth fund, or a parastatal entity engaged in commercial activities or to a project in which such an entity or fund is participating is provided under appropriate principles of competitive neutrality.

(b) **Prohibition on Support to Monopolies.**—The Corporation may not provide support under title II
to private sector entities engaged in monopolistic prac-
tices.

(e) **STATE-OWNED ENTERPRISE DEFINED.—**

(1) **IN GENERAL.—**In this section, the term
“state-owned enterprise” means any enterprise es-

tablished for a commercial or business purpose that
is directly owned or controlled by one or more gov-
ernments, including any agency, instrumentality,

subdivision, or other unit of government at any level
of jurisdiction.

(2) **CONTROL; OWNED.—**For purposes of para-

graph (1):

(A) **CONTROL.—**The term “control”, with

respect to an enterprise, means the power by

any means to control the enterprise regardless

of—

(i) the level of ownership; and

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

(B) **OWNED.—**The term “owned”, with re-

spect to an enterprise, means a majority or con-
trolling interest, whether by value or voting in-

terest, of the shares of that enterprise, includ-
ing through fiduciaries, agents, or other means.
TITLE VI—TRANSITIONAL PROVISIONS

SEC. 601. DEFINITIONS.

In this title:

(1) AGENCY.—The term "agency" includes any entity, organizational unit, program, or function.

(2) TRANSITION PERIOD.—The term "transition period" means the period—

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

(B) ending on the effective date of the reorganization plan required by section 602(d).

SEC. 602. REORGANIZATION PLAN.

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

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

(2) Any consolidation, reorganization, or streamlining of agencies transferred to the Corporation pursuant to this title.

(b) PLAN ELEMENTS.—The plan transmitted under subsection (a) shall contain, consistent with this Act, such
elements as the President deems appropriate, including
the following:

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

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

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

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

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

(e) Modification of Plan.—The President may,
on the basis of consultations with the appropriate congres-
sional committees, modify or revise any part of the plan
until that part of the plan becomes effective in accordance
with subsection (d).

(d) Effective Date.—

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

(2) Statutory Construction.—Nothing in
this subsection may be construed to require the
transfer of functions, personnel, records, balances of
appropriations, or other assets of an agency on a
single date.

SEC. 603. Transfer of Functions.

(a) In General.—Effective at the end of the transi-
tion period, there shall be transferred to the Corporation
the functions, personnel, assets, and liabilities of—

(1) the Overseas Private Investment Corpora-
tion, as in existence on the day before the date of
the enactment of this Act; and
(2) the following elements of the United States Agency for International Development:

(A) The Development Credit Authority.

(B) The enterprise funds.

(C) The Office of Private Capital and Microenterprise.

(b) Bilateral Agreements.—Any bilateral agreement of the United States in effect on the date of the enactment of this Act that serves as the basis for programs of the Overseas Private Investment Corporation shall be considered as satisfying the requirements of section 301(a).

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

(1) continue to administer the assets and obligations of those agencies; and

(2) carry out such programs and activities authorized under this Act as may be determined by the President.

SEC. 604. TERMINATION OF OVERSEAS PRIVATE INVESTMENT CORPORATION AND OTHER SUPERCEDED AUTHORITIES.

Effective at the end of the transition period—

(1) the Overseas Private Investment Corporation is terminated; and
(2) the following provisions are repealed:

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

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

SEC. 605. TRANSITIONAL AUTHORITIES.

   (a) PROVISION OF ASSISTANCE BY OFFICIALS.—
Until the transfer of an agency to the Corporation under
section 603, any official having authority over or functions
relating to the agency immediately before the date of the
enactment of this Act shall provide to the Corporation
such assistance, including the use of personnel and assets,
as the Corporation may request in preparing for the trans-
fer and integration of the agency into the Corporation.

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

   (c) ACTING OFFICIALS.—

      (1) IN GENERAL.—During the transition pe-
period, pending the advice and consent of the Senate
to the appointment of an official required by this Act
to be appointed by and with such advice and consent, the President may designate any officer whose appointment was required to be made by and with such advice and consent and who was such an officer immediately before the date of the enactment of this Act (and who continues in office) or immediately before such designation, to act in such office until the same is filled as provided in this Act. While so acting, such officers shall receive compensation at the higher of—

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

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

(2) Rule of Construction.—Nothing in this Act shall be construed to require the advice and consent of the Senate to the appointment by the President to a position in the Corporation of any officer whose agency is transferred to the Corporation pursuant to this title and whose duties following such transfer are germane to those performed before such transfer.

(d) Transfer of Personnel, Assets, Obligations, and Functions.—Upon the transfer of an agency to the Corporation under section 603—
(1) the personnel, assets, and obligations held
by or available in connection with the agency shall
be transferred to the Corporation for appropriate al-
location, subject to the approval of the Director of
the Office of Management and Budget and in ac-
cordance with section 1531(a)(2) of title 31, United
States Code; and

(2) the Corporation shall have all functions—

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

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

SEC. 606. SAVINGS PROVISIONS.

(a) COMPLETED ADMINISTRATIVE ACTIONS.—

(1) IN GENERAL.—Completed administrative
actions of an agency shall not be affected by the en-
actment of this Act or the transfer of such agency
to the Corporation under section 603, but shall con-
tinue in effect according to their terms until amend-
ed, modified, superseded, terminated, set aside, or
revoked in accordance with law by an officer of the
United States or a court of competent jurisdiction,
or by operation of law.
(2) **COMPLETED ADMINISTRATIVE ACTION DEFINED.**—In this subsection, the term “completed administrative action” includes orders, determinations, rules, regulations, personnel actions, permits, agreements, grants, contracts, certificates, licenses, registrations, and privileges.

(b) **PENDING PROCEEDINGS.**—

(1) **IN GENERAL.**—Pending proceedings in an agency, including notices of proposed rulemaking, and applications for licenses, permits, certificates, grants, and financial assistance, shall continue notwithstanding the enactment of this Act or the transfer of the agency to the Corporation, unless discontinued or modified under the same terms and conditions and to the same extent that such discontinuance could have occurred if such enactment or transfer had not occurred.

(2) **ORDERS.**—Orders issued in proceedings described in paragraph (1), and appeals therefrom, and payments made pursuant to such orders, shall issue in the same manner and on the same terms as if this Act had not been enacted or the agency had not been transferred, and any such orders shall continue in effect until amended, modified, superseded, terminated, set aside, or revoked by an officer of the
United States or a court of competent jurisdiction, or by operation of law.

(e) **Pending Civil Actions.**—Pending civil actions shall continue notwithstanding the enactment of this Act or the transfer of an agency to the Corporation, and in such civil actions, proceedings shall be had, appeals taken, and judgments rendered and enforced in the same manner and with the same effect as if such enactment or transfer had not occurred.

(d) **References.**—References relating to an agency that is transferred to the Corporation under section 603 in statutes, Executive orders, rules, regulations, directives, or delegations of authority that precede such transfer or the date of the enactment of this Act shall be deemed to refer, as appropriate, to the Corporation, to its officers, employees, or agents, or to its corresponding organizational units or functions. Statutory reporting requirements that applied in relation to such an agency immediately before the effective date of this Act shall continue to apply following such transfer if they refer to the agency by name.

(e) **Employment Provisions.**—

(1) **Regulations.**—The Corporation may, in regulations prescribed jointly with the Director of the Office of Personnel Management, adopt the
rules, procedures, terms, and conditions, established
by statute, rule, or regulation before the date of the
enactment of this Act, relating to employment in any
agency transferred to the Corporation under section
603.

(2) Effect of transfer on conditions of
employment.—Except as otherwise provided in this
Act, or under authority granted by this Act, the
transfer pursuant to this title of personnel shall not
alter the terms and conditions of employment, in-
cluding compensation, of any employee so trans-
ferred.

(f) Statutory Reporting Requirements.—Any
statutory reporting requirement that applied to an agency
transferred to the Corporation under this title immediately
before the date of the enactment of this Act shall continue
to apply following that transfer if the statutory require-
ment refers to the agency by name.

SEC. 607. OTHER TERMINATIONS.

Except as otherwise provided in this Act, whenever
all the functions vested by law in any agency have been
transferred pursuant to this title, each position and office
the incumbent of which was authorized to receive com-
pensation at the rates prescribed for an office or position
at level II, III, IV, or V of the Executive Schedule under
subchapter II of chapter 53 of title 5, United States Code, shall terminate.

SEC. 608. INCIDENTAL TRANSFERS.

The Director of the Office of Management and Budget, in consultation with the Corporation, is authorized and directed to make such additional incidental dispositions of personnel, assets, and liabilities held, used, arising from, available, or to be made available, in connection with the functions transferred by this title, as the Director may determine necessary to accomplish the purposes of this Act.

SEC. 609. REFERENCE.

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

SEC. 610. CONFORMING AMENDMENTS.

(a) EXEMPT PROGRAMS.—Section 255(g) of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 905(g)) is amended by striking “Overseas Private Investment Corporation, Noncredit Account (71–
4184–0–3–151).” and inserting “United States International Development Finance Corporation.”.

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

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

(2) in section 5315, by striking “Executive Vice President, Overseas Private Investment Corporation.”; and

(3) in section 5316, by striking “Vice Presidents, Overseas Private Investment Corporation (3).”.

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

(1) in subsection (b), in the matter preceding paragraph (1), by striking “the President of the Overseas Private Investment Corporation, Director” and inserting “the Board of Directors of the United States International Development Finance Corporation, the Director”; and

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

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

(e) TRADE PROMOTION COORDINATING COM-
MITTEE.—Section 2312(d)(1)(K) of the Export Enhance-
by striking “Overseas Private Investment Corporation”
and inserting “United States International Development
Finance Corporation”.

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

(g) MISUSE OF NAMES OF FEDERAL AGENCIES.—
Section 709 of title 18, United States Code, is amended
by striking “‘Overseas Private Investment’, ‘Overseas Pri-
vate Investment Corporation’, or ‘OPIC’,” and inserting
“‘United States International Development Finance Cor-
poration’ or ‘DFC’.”
(h) ENGAGEMENT ON CURRENCY EXCHANGE RATE AND ECONOMIC POLICIES.—Section 701(e)(1)(A) of the Trade Facilitation and Trade Enforcement Act of 2015 (19 U.S.C. 4421(e)(1)(A)) is amended by striking “Overseas Private Investment Corporation” and inserting “United States International Development Finance Corporation”.

(i) INTERNSHIPS WITH INSTITUTE FOR INTERNATIONAL PUBLIC POLICY.—Section 625 of the Higher Education Act of 1965 (20 U.S.C. 1131e(a)) is amended by striking “Overseas Private Investment Corporation” and inserting “United States International Development Finance Corporation”.

(j) FOREIGN ASSISTANCE ACT OF 1961.—The Foreign Assistance Act of 1961 (22 U.S.C. 2151 et seq.) is amended—

(1) in section 449B(b)(2) (22 U.S.C. 2296(b)(2)), by striking “Overseas Private Investment Corporation” and inserting “United States International Development Finance Corporation”; and

(2) in section 481(e)(4)(A) (22 U.S.C. 2291(c)(4)(A)), in the matter preceding clause (i), by striking “(including programs under title IV of chapter 2, relating to the Overseas Private Invest-
ment Corporation)” and inserting “(and any support under title II of the Better Utilization of Investments Leading to Development Act of 2018, relating to the United States International Development Finance Corporation)”.

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

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

“(A) title II of the Better Utilization of Investments Leading to Development Act of 2018;”.

(m) SUPPORT FOR EAST EUROPEAN DEMOCRACY (SEED) PROGRAM.—Section 2(c) of the Support for East European Democracy (SEED) Act of 1989 (22 U.S.C. 5401(c)) is amended by striking paragraph (12) and inserting the following:
“(12) United States International Development Finance Corporation.—Programs of the United States International Development Finance Corporation.”.


(p) Trafficking Victims Protection Act of 2000.—Section 103(8) of the Trafficking Victims Protection Act of 2000 (22 U.S.C. 7102(8)) is amended—

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

(2) by striking clause (viii).

(q) Technology Deployment in Developing Countries.—Section 732(b) of the Global Environmental
Protection Assistance Act of 1989 (22 U.S.C. 7902(b)) is amended by striking "Overseas Private Investment Corporation" and inserting "United States International Development Finance Corporation".

(r) EXPANDED NONMILITARY ASSISTANCE FOR UKRAINE.—Section 7(c)(3) of the Ukraine Freedom Support Act of 2014 (22 U.S.C. 8926(c)(3)) is amended—

(1) in the matter preceding subparagraph (A), by striking "Overseas Private Investment Corporation" and inserting "United States International Development Finance Corporation"; and

(2) in subparagraph (B), by striking "by eligible investors (as defined in section 238 of the Foreign Assistance Act of 1961 (22 U.S.C. 2198))".

(s) GLOBAL FOOD SECURITY ACT OF 2016.—Section 4(7) of the Global Food Security Act of 2016 (22 U.S.C. 9303(7)) is amended by striking "Overseas Private Investment Corporation" and inserting "United States International Development Finance Corporation".

(t) SENSE OF CONGRESS ON EUROPEAN AND EURASIAN ENERGY SECURITY.—Section 257(c)(2)(B) of the Countering Russian Influence in Europe and Eurasia Act of 2017 (22 U.S.C. 9546(c)(2)(B)) is amended by striking "Overseas Private Investment Corporation" and inserting
(u) *Wholly Owned Government Corporation.*—Section 9101(3) of title 31, United States Code, is amended by striking “Overseas Private Investment Corporation” and inserting “United States International Development Finance Corporation”.


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

   (A) in the section heading, by striking “OVERSEAS PRIVATE INVESTMENT CORPORATION” and inserting “UNITED STATES INTERNATIONAL DEVELOPMENT FINANCE CORPORATION”;

   (B) in subsection (a), in the matter preceding paragraph (1), by striking “Overseas Private Investment Corporation” and inserting “United States International Development Finance Corporation”; and

   (C) in subsection (b), in the matter preceding paragraph (1), by striking “Overseas Private Investment Corporation shall include in its annual report required under section 240A
of the Foreign Assistance Act of 1961 (22 U.S.C. 2200a)” and inserting “United States International Development Finance Corporation shall include in its annual report required under section 403 of the Better Utilization of Investments Leading to Development Act of 2018”; and


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

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

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

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

   TITLE I—ESTABLISHMENT

   See.  103.  Management of Corporation.

   TITLE II—AUTHORITIES

   See.  201.  Authorities relating to provision of support.
   See.  203.  Payment of losses.
   See.  204.  Termination.

   TITLE III—ADMINISTRATIVE AND GENERAL PROVISIONS

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

   TITLE IV—MONITORING, EVALUATION, AND REPORTING
SEC. 2. DEFINITIONS.

In this Act:

(1) appropriate congressional committees.—The term "appropriate congressional committees" means—

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

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

(2) less developed country.—The term "less developed country" means a country with a
low-income economy, lower-middle-income economy, or upper-middle-income economy, as defined by the International Bank for Reconstruction and Development and the International Development Association (collectively referred to as the “World Bank”).

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

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

(A) any agency or instrumentality of a foreign state (as defined in section 1603 of title 28, United States Code) that has a purpose that is similar to the purpose of the Corporation as described in section 102(b); and

(B) any international financial institution (as defined in section 1701(e) of the International Financial Institutions Act (22 U.S.C. 262r(e))).

TITLE I—ESTABLISHMENT

SEC. 101. STATEMENT OF POLICY.

It is the policy of the United States to facilitate market-based private sector development and economic growth in less developed countries through the provision of credit, capital, and other financial support—
(1) to mobilize private capital in support of sustainable, broad-based economic growth, poverty reduction, and development through demand-driven partnerships with the private sector that further the foreign policy interests of the United States;

(2) to finance development in a way that builds and strengthens civic institutions, promotes competition, provides for public accountability and transparency;

(3) to help private sector actors overcome identifiable market gaps and inefficiencies without distorting markets;

(4) to achieve clearly defined economic and social development outcomes;

(5) to coordinate with institutions with purposes similar to the purposes of the Corporation to leverage resources of those institutions to produce the greatest impact;

(6) to provide countries a robust alternative to state-directed investments by authoritarian governments and United States strategic competitors using high standards of transparency, environmental and social safeguards, and which take into account the debt sustainability of partner countries;
(7) to leverage private sector capabilities and innovative development tools to help countries currently receiving United States assistance to transition from their status as recipients of traditional forms of assistance in order to decrease their reliance on such assistance over time;

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

SEC. 102. UNITED STATES INTERNATIONAL DEVELOPMENT FINANCE CORPORATION.

(a) Establishment.—There is established in the Executive branch the United States International Development Finance Corporation (in this Act referred to as the “Corporation”), which shall be a wholly owned Government corporation (as defined in section 9101 of title 31, United States Code) under the foreign policy guidance of the Secretary of State.

(b) Purpose.—The purpose of the Corporation shall be to mobilize and facilitate the participation of private sector capital and skills in the economic development of less developed countries, as described in subsection (c), and countries in transition from nonmarket to market economies, in order to complement the development assist-
ance objectives, and advance the foreign policy interests,
of the United States. In carrying out its purpose, the Cor-
poration, utilizing broad criteria, shall take into account
in its financing operations the economic and financial
soundness of projects for which it provides support under
title II.

(c) LESS DEVELOPED COUNTRY FOCUS.—

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

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

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

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

SEC. 103. MANAGEMENT OF CORPORATION.

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

(b) Board of Directors.—

(1) Duties.—All powers of the Corporation shall vest in and be exercised by or under the authority of the Board. The Board—

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

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

(C) shall develop, in consultation with stakeholders and other interested parties, a publicly-available policy with respect to consultations, hearings, and other forms of engagement in order to provide for meaningful public participation in the Board’s activities.

(2) Membership of Board.—

(A) In general.—The Board shall consist of—
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(i) the Chief Executive Officer of the
Corporation;

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

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

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

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

(III) one individual should be ap-
pointed from among a list of at least
five individuals submitted by the
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Speaker of the House of Representatives after consultation with the chairman of the Committee on Foreign Affairs of the House of Representatives; and

(IV) one individual should be appointed from among a list of at least five individuals submitted by the minority leader of the House of Representatives after consultation with the ranking member of the Committee on Foreign Affairs of the House of Representatives.

(B) OFFICERS SPECIFIED.—

(i) IN GENERAL.—The officers specified in this subparagraph are the following:

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

(II) The Administrator of the United States Agency for International Development or a designee of the Administrator.

(III) The Secretary of the Treasury or a designee of the Secretary.
(IV) The Secretary of Commerce or a designee of the Secretary.

(ii) Requirements for Designees.—A designee under clause (i) shall be selected from among officers—

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

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

(III) who is designated by and serving at the pleasure of the President.

(C) Requirements for Non-Government Members.—A member of the Board described in subparagraph (A)(iii)—

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

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

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

(iv) shall serve until the member’s successor is appointed and confirmed;
(v) shall be compensated at a rate equivalent to that of level IV of the Executive Schedule under section 5315 of title 5, United States Code, when engaged in the business of the Corporation; and

(vi) may be paid per diem in lieu of subsistence at the applicable rate under the Federal Travel Regulation under sub-title F of title 41, Code of Federal Regulations, from time to time, while away from the home or usual place of business of the member.

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

(4) VICE CHAIRPERSON.—The Administrator of the United States Agency for International Development, or the designee of the Administrator under paragraph (2)(B)(i)(II), shall serve as the Vice Chairperson of the Board.

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

(c) PUBLIC HEARINGS.—
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(1) **Public Hearings by the Board.**—The Board shall hold at least one public hearing each year in order to afford an opportunity for any person to present views with respect to whether—

(A) the Corporation is carrying out its activities in accordance with this Act; and

(B) any support provided by the Corporation under title II in any country should have been or should be extended.

(2) **Additional Public Hearings.**—In conjunction with each meeting of the Board, the Corporation shall hold a public hearing in order to afford an opportunity for any person to present views regarding the activities of the Corporation. Such views shall be made part of the record.

(d) **Chief Executive Officer.**—

(1) **Appointment.**—There shall be in the Corporation a Chief Executive Officer, who shall be appointed by the President, by and with the advice and consent of the Senate, and who shall serve at the pleasure of the President.

(2) **Authorities and Duties.**—The Chief Executive Officer shall be responsible for the management of the Corporation and shall exercise the powers and discharge the duties of the Corporation sub-
ject to the bylaws, rules, regulations, and procedures established by the Board.

(3) Relationship to Board.—The Chief Executive Officer shall report to and be under the direct authority of the Board.

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

"Chief Executive Officer, United States International Development Finance Corporation."

(c) Deputy Chief Executive Officer.—There shall be in the Corporation a Deputy Chief Executive Officer, who shall be appointed by the President, by and with the advice and consent of the Senate, and who shall serve at the pleasure of the President.

(f) Chief Risk Officer.—

(1) Appointment.—Subject to the approval of the Board, the Chief Executive Officer of the Corporation shall appoint a Chief Risk Officer, from among individuals with experience at a senior level in financial risk management, who—

(A) shall report directly to the Board; and

(B) shall be removable only by a majority vote of the Board.
(2) DUTIES.—The Chief Risk Officer shall, in coordination with the audit committee of the Board established under 401, develop, implement, and manage a comprehensive process for identifying, assessing, monitoring, and limiting risks to the Corporation, including the overall portfolio diversification of the Corporation.

(g) CHIEF DEVELOPMENT OFFICER.—

(1) APPOINTMENT.—Subject to the approval of the Board, the Chief Executive Officer shall appoint a Chief Development Officer, from among individuals with experience in development, who—

(A) shall report directly to the Board; and

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

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

(A) coordinate the Corporation’s development policies and implementation efforts with the United States Agency for International Development, the Millennium Challenge Corporation, and other relevant United States Government departments and agencies, including directly liaising with missions of the United States Agency for International Development,
to ensure that departments, agencies, and missions have training, awareness, and access to
the Corporation’s tools in relation to development policy and projects in countries;

(B) under the guidance of the Chief Executive Officer, manage employees of the Corporation that are dedicated to structuring, monitoring and evaluating transactions and projects co-designed with the United States Agency for International Development and other relevant United State Government departments and agencies;

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

(D) coordinate and implement the activities of the Corporation under section 405.

(h) OFFICERS AND EMPLOYEES.—

(1) IN GENERAL.—Except as otherwise provided in this section, officers, employees, and agents shall be selected and appointed by the Corporation, and shall be vested with such powers and duties as the Corporation may determine.
(2) ADMINISTRATIVELY DETERMINED EMPLOYEES.—

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

(B) REINSTATEMENT.—Under such regulations as the President may prescribe, officers and employees appointed to a position under subparagraph (A) may be entitled, upon removal from such position (unless the removal was for cause), to reinstatement to the position occupied at the time of appointment or to a position of comparable grade and salary.

(C) ADDITIONAL POSITIONS.—Positions authorized by subparagraph (A) shall be in addition to those otherwise authorized by law, including positions authorized under section 5108 of title 5, United States Code.

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

(3) LIABILITY OF EMPLOYEES.—

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

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

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

(i) to affect—
1. any other immunities and protections that may be available to an individual described in subparagraph (A) under applicable law with respect to a transaction described in that subparagraph; or

2. (II) any other right or remedy against the Corporation, against the United States under applicable law, or against any person other than an individual described in subparagraph (A) participating in such a transaction; or

3. (ii) to limit or alter in any way the immunities that are available under applicable law for Federal officers and employees not described in this paragraph.

SEC. 104. INSPECTOR GENERAL OF THE CORPORATION.

The President shall appoint and maintain an Inspector General in the Corporation, in accordance with the Inspector General Act of 1978 (5 U.S.C. App.).

TITLE II—AUTHORITIES

SEC. 201. AUTHORITIES RELATING TO PROVISION OF SUPPORT.

(a) IN GENERAL.—The authorities in this title should only be exercised to—
(1) carry out of the policy of the United States
in section 101 and the purpose of the Corporation
in section 102;
(2) mitigate risks to United States taxpayers by
sharing risks with the private sector and qualifying
sovereign entities through co-financing and struc-
turing of tools; and
(3) ensure that support provided under this
title is additional to private sector resources by mo-
obilizing private capital that would otherwise not be
deployed without such support.
(b) LENDING AND GUARANTIES.—
(1) IN GENERAL.—The Corporation may make
loans or guaranties upon such terms and conditions
as the Corporation may determine.
(2) DENOMINATION.—Loans and guaranties
issued under paragraph (1) may be denominated and
repayable in United States dollars or foreign cur-
currencies. Foreign currency denominated loans and
guaranties should only be provided if the Board de-
determines there is a substantive policy rationale for
such loans and guaranties.
(3) APPLICABILITY OF FEDERAL CREDIT RE-
FORM ACT OF 1990.—Loans and guaranties issued
under paragraph (1) shall be subject to the require-
ments of the Federal Credit Reform Act of 1990 (2 U.S.C. 661 et seq.).

e) EQUITY INVESTMENTS.—

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

(2) DENOMINATION.—Support provided under paragraph (1) may be denominated and repayable in United States dollars or foreign currency. Foreign currency denominated support provided by paragraph (1) should only be provided if the Board determines there is a substantive policy rationale for such support.

(3) GUIDELINES AND CRITERIA.—The Corporation shall develop guidelines and criteria to require that the use of the authority provided by paragraph (1) with respect to a project has a clearly defined
development and foreign policy rationale, taking into account the following objectives:

(A) The support for the project would be more likely than not to substantially reduce or overcome the effect of an identified market failure in the country in which the project is carried out.

(B) The project would not have proceeded or would have been substantially delayed without the support.

(C) The support will meaningfully contribute to transforming local conditions to promote the development of markets.

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

(E) The support can be shown to have significant developmental impact and will contribute to long-term commercial sustainability.

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

(4) LIMITATIONS ON EQUITY INVESTMENTS.—

(A) PER PROJECT LIMIT.—The aggregate amount of support provided under this subsection with respect to any project shall not exceed 30 percent of the aggregate amount of all
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equity investment made from any source to the
project at the time that the Corporation ap-
proves support of the project.

(B) **Total Limit.**—Support provided pur-
suant to this subsection shall be limited to not
more than 35 percent of the Corporation’s ag-
gregate exposure on the date that such support
is provided.

(5) **Sales and Liquidation of Position.**—
The Corporation shall seek to sell and liquidate any
support for a project provided under this subsection
as soon as commercially feasible, commensurate with
other similar investors in the project and taking into
consideration the national security interests of the
United States.

(6) **Timetable.**—The Corporation shall create
a project-specific timetable for support provided
under paragraph (1).

(d) **Insurance and Reinsurance.**—The Corpora-
tion may issue insurance or reinsurance, upon such terms
and conditions as the Corporation may determine, to pri-
ivate sector entities and qualifying sovereign entities assur-
ing protection of their investments in whole or in part
against any or all political risks such as currency incon-
vertibility and transfer restrictions, expropriation, war,
terrorism, and civil disturbance, breach of contract, or
non-honoring of financial obligations.

(e) Promotion of and Support for Private In-
vestment Opportunities.—

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

(2) Contributions to costs.—The Corpora-
tion shall, to the maximum extent practicable, re-
quire any person receiving funds under the authori-
ties of this subsection to—
(A) share the costs of feasibility studies and other project planning services funded under this subsection; and

(B) reimburse the Corporation those funds provided under this section, if the person succeeds in project implementation.

(f) SPECIAL PROJECTS AND PROGRAMS.—The Corporation may administer and manage special projects and programs in support of specific transactions undertaken by the Corporation, including programs of financial and advisory support that provide private technical, professional, or managerial assistance in the development of human resources, skills, technology, capital savings, and intermediate financial and investment institutions and cooperatives and including the initiation of incentives, grants, and studies for renewable energy, microenterprise households, and other small business activities.

(g) ENTERPRISE FUNDS.—

(1) IN GENERAL.—The Corporation may establish and operate enterprise funds in accordance with this subsection.

(2) PROCEDURES AND REQUIREMENTS.—The provisions of section 201 of the Support for East European Democracy (SEED) Act of 1989 (22 U.S.C. 5421) (other than the provisions of sub-
sections (a), (b), (c), (d)(1), (d)(3), (e), (f), and (j) of that section), shall be deemed to apply with respect to any enterprise fund established by the Corporation under this subsection and to funds made available to any such enterprise fund in the same manner and to the same extent as such provisions apply with respect to enterprise funds established pursuant to such section 201 or to funds made available to enterprise funds established under that section.

(3) Purposes for which support may be provided.—The Corporation, subject to the approval of the Board, may designate private, non-profit organizations as eligible to receive support under this subsection for the following purposes:

(A) To promote development of economic freedom and private sectors, including small- and medium-sized enterprises and joint ventures with the United States and host country participants.

(B) To facilitate access to the credit to small- and medium-sized enterprises with sound business plans in countries where there is limited means of accessing credit on market terms.
(C) To promote policies and practices conducive to economic freedom and private sector development.

(D) To attract foreign direct investment capital to further promote private sector development and economic freedom.

(E) To complement the work of the United States Agency for International Development and other donors to improve the overall business-enabling environment, financing the creation and expansion of the private business sector.

(F) To make financially sustainable investments designed to generate measurable social benefits and build technical capacity in addition to financial returns.

(4) OPERATION OF FUNDS.—

(A) EXPENDITURES.—Funds made available to an enterprise fund shall be expended at the minimum rate necessary to make timely payments for projects and activities carried out under this subsection.

(B) ADMINISTRATIVE EXPENSES.—Not more than 3 percent of the funds made available to an enterprise fund may be obligated or
expended for the administrative expenses of the enterprise fund.

(5) BOARD OF DIRECTORS.—Each enterprise fund established under this subsection should be governed by a Board of Directors comprised of private citizens of the United States or the host country, who—

(A) shall be appointed by the President after consultation with the chairmen and ranking members of the appropriate congressional committees; and

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

(6) MAJORITY MEMBER REQUIREMENT.—The majority of the members of the Board of Directors shall be United States citizens who shall have relevant experience relating to the purposes described in paragraph (3).

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

(A) submit to the appropriate congres-
sional committees a report—

(i) detailing the administrative ex-

penses of the enterprise fund during the

year preceding the submission of the re-

port;

(ii) describing the operations, activi-

ties, engagement with civil society and rel-

vant local private sector entities, develop-

ment objectives and outcomes, financial

condition, and accomplishments of the en-

terprise fund during that year;

(iii) describing the results of the audit

conducted under paragraph (8) during that

year; and

(iv) describing how audits conducted

under paragraph (8) are informing the op-

erations and activities of the enterprise

fund; and

(B) publish, on a publicly available inter-

net website of the enterprise fund, each report

required by subparagraph (A).

(8) Oversight.—
(A) INSPECTOR GENERAL PERFORMANCE

AUDITS.—

(i) IN GENERAL.—The Inspector General of the Corporation shall conduct periodic audits of the activities of each enterprise fund established under this subsection.

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

(I) support the purposes described in paragraph (3);

(II) result in profitable private sector investing; and

(III) generate measurable social benefits.

(B) RECORDKEEPING REQUIREMENTS.—

The Corporation shall ensure that each enterprise fund receiving support under this subsection—

(i) keeps separate accounts with respect to such support; and
(ii) maintains such records as may be reasonably necessary to facilitate effective audits under this paragraph.

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

(10) **TERMINATION.**—The authority of an enterprise fund to provide support under this subsection shall terminate on the earlier of—

(A) the date that is 7 years after the date of the first expenditure of amounts from the enterprise fund; or

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

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

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

(b) **REQUIREMENTS.**—The following requirements apply to support provided by the Corporation under this title:
(1) The Corporation shall provide support using authorities under this title only if it is necessary—

(A) to alleviate a credit market imperfection; or

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

(2) The final maturity of a loan made or guaranteed by the Corporation shall not exceed the lesser of—

(A) 25 years; or

(B) debt servicing capabilities of the project to be financed by the loan (as determined by the Corporation).

(3) The Corporation shall, with respect to providing any loan guarantee to a project, require the parties to the loan guaranteed by the Corporation to bear the risk of loss for at least 20 percent of the guaranteed support by the Corporation in the project.

(4) The Corporation may not make or guarantee a loan unless the Corporation determines that the borrower or lender is responsible and that ade-
quate provision is made for servicing the loan on
reasonable terms and protecting the financial inter-
est of the United States.

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

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

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

(B) The Corporation shall review fees for loan
guarantees periodically to ensure that the fees as-
sessed on new loan guarantees are at a level suffi-
cient to cover the Corporation’s most recent estimates of its costs.

(8) Any loan guaranty provided by the Corporation shall be conclusive evidence that—

(A) the guaranty has been properly obtained;

(B) the loan qualified for the guaranty; and

(C) but for fraud or material misrepresentation by the holder of the guaranty, the guaranty is presumed to be valid, legal, and enforceable.

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

(10) The Corporation may not make loans or loan guaranties except to the extent that budget authority to cover the costs of the loans or guaranties is provided in advance in an appropriations Act, as required by section 504 of the Federal Credit Reform Act of 1990 (2 U.S.C. 661e).

(11) The Corporation shall rely upon specific standards to assess the developmental and strategic value of projects for which it provides support and
should only provide the minimum level of support necessary in order to support such projects.

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

SEC. 203. PAYMENT OF LOSSES.

(a) Payments for Defaults on Guaranteed Loans.—

(1) In General.—If the Corporation determines that the holder of a loan guaranteed by the Corporation suffers a loss as a result of a default by a borrower on the loan, the Corporation shall pay to the holder the percent of the loss, as specified in the guaranty contract after the holder of the loan has made such further collection efforts and instituted such enforcement proceedings as the Corporation may require.

(2) Subrogation.—Upon making a payment described in paragraph (1), the Corporation shall ensure the Corporation will be subrogated to all the rights of the recipient of the payment.

(3) Recovery Efforts.—The Corporation shall pursue recovery from the borrower of the
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amount of any payment made under paragraph (1) with respect to the loan.

(b) Limitation on Payments.—

(1) In general.—Except as provided by para-
graph (2), compensation for insurance, reinsurance,
or a guaranty issued under this title shall not exceed
the dollar value of the tangible or intangible con-
tributions or commitments made in the project, plus
interest, earnings, or profits actually accrued on
such contributions or commitments, to the extent
provided by such insurance, reinsurance, or guar-

(2) Exception.—

(A) In general.—The Corporation may provide that—

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

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

(3) Additional limitation.—
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(A) IN GENERAL.—Notwithstanding paragraph (2)(A)(ii) and except as provided in subparagraph (B), the Corporation shall limit the amount of direct insurance and reinsurance issued under section 201 with respect to a project so as to require that the insured and its affiliates bear the risk of loss for at least 10 percent of the amount of the Corporation’s exposure to that insured and its affiliates in the project.

(B) EXCEPTION.—The limitation under subparagraph (A) shall not apply to direct insurance or reinsurance of loans provided by banks or other financial institutions to unrelat ed parties.

(e) ACTIONS BY ATTORNEY GENERAL.—The Attorney General shall take such action as may be appropriate to enforce any right accruing to the United States as a result of the issuance of any loan or guarantee under this title.

(d) RULE OF CONSTRUCTION.—Nothing in this section shall be construed to preclude any forbearance for the benefit of a borrower that may be agreed upon by the parties to a loan guaranteed by the Corporation if budget authority for any resulting costs to the United States Gov-
eriment (as defined in section 502 of the Federal Credit
Reform Act of 1990 (2 U.S.C. 661a)) is available.

SEC. 204. TERMINATION.

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

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

TITLE III—ADMINISTRATIVE
AND GENERAL PROVISIONS

SEC. 301. OPERATIONS.

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

(b) CLAIMS SETTLEMENT.—

(1) IN GENERAL.—Claims arising as a result of
support provided under title II or under predecessor
authority may be settled, and disputes arising as a
result thereof may be arbitrated with the consent of
the parties, on such terms and conditions as the
Corporation may determine.
(2) **Settlements Conclusive.**—Payment made pursuant to any settlement pursuant to paragraph (1), or as a result of an arbitration award, shall be final and conclusive notwithstanding any other provision of law.

(c) **Presumption of Compliance.**—Each contract executed by such officer or officers as may be designated by the Board shall be conclusively presumed to be issued in compliance with the requirements of this Act.

(d) **Electronic Payments and Documents.**—The Corporation shall implement policies to accept electronic documents and electronic payments in all of its programs.

**Sec. 302. Corporate Powers.**

(a) **In General.**—The Corporation—

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

(2) may make and perform such contracts, including no-cost contracts (as defined by the Corporation), grants, and other agreements notwithstanding division C of subtitle I of title 41, United States Code, with any person or government however designated and wherever situated, as may be necessary for carrying out the functions of the Corporation;

(3) may lease, purchase, or otherwise acquire, improve, and use such real property wherever situ-
ated, as may be necessary for carrying out the functions of the Corporation;

(4) may accept cash gifts or donations of services or of property (real, personal, or mixed), tangible or intangible, for the purpose of carrying out the functions of the Corporation;

(5) may use the United States mails in the same manner and on the same conditions as the Executive departments (as defined in section 101 of title 5, United States Code);

(6) may contract with individuals for personal services, who shall not be considered Federal employees for any provision of law administered by the Director of the Office of Personnel Management;

(7) may hire or obtain passenger motor vehicles;

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

(9) may acquire, hold, or dispose of, upon such terms and conditions as the Corporation may determine, any property, real, personal, or mixed, tangible or intangible, or any interest in such property;

(10) may lease office space for the Corporation’s own use, the obligation of amounts for such lease is limited to the current fiscal year for which payments are due until the expiration of the current
lease of the predecessor authority, as of the day before the date of the enactment of this Act;

(11) may indemnify directors, officers, employees, and agents of the Corporation for liabilities and expenses incurred in connection with their activities on behalf of the Corporation;

(12) notwithstanding any other provision of law, may represent itself or contract for representation in all legal and arbitral proceedings;

(13) may exercise any priority of the Government of the United States in collecting debts from bankrupt, insolvent, or decedents’ estates;

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

(15) may make arrangements with foreign governments (including agencies, instrumentalities, or political subdivisions of such governments) or with multilateral organizations or institutions for sharing liabilities;

(16) may sell direct investments of the Corporation to private investors upon such terms and conditions as the Corporation may determine; and
(17) shall have such other powers as may be necessary and incident to carrying out the functions of the Corporation.

(b) **TREATMENT OF PROPERTY.**—Notwithstanding any other provision of law relating to the acquisition, handling, or disposal of property by the United States, the Corporation shall have the right in its discretion to complete, recondition, reconstruct, renovate, repair, maintain, operate, or sell any property acquired by the Corporation pursuant to the provisions of this Act.

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

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

(b) **AMOUNT SPECIFIED.**—

(1) **INITIAL 5-YEAR PERIOD.**—The amount specified in this subsection for the 5-year period beginning on the date of the enactment of this Act, is $60,000,000,000.

(2) **SUBSEQUENT 5-YEAR PERIODS.**—Not later than 5 years after the date of the enactment of this Act, and not less frequently than every 5 years thereafter, the amount specified in paragraph (1) shall be adjusted to reflect the percentage of the
crease (if any) in the average of the Consumer Price
Index during the preceding 5-year period.

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

SEC. 304. CORPORATE FUNDS.

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

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

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

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

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

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

(5) payments received in connection with settle-
mements of all insurance and reinsurance claims of the
Corporation; and
(6) all other collections transferred to or earned by the Corporation, excluding the cost, as defined in section 502 of the Federal Credit Reform Act of 1990, of loans and loan guarantees.

(c) COLLECTIONS.—Fees may be charged and collected for providing services in amounts to be determined by the Corporation as provided in advance in appropriations Acts.

(d) USES.—

(1) IN GENERAL.—Subject to Acts making appropriations, the Corporation is authorized to pay—

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

(B) administrative expenses of the Corporation; and

(C) for the cost of providing support authorized by subsections (e), (f), and (g) of section 201.

(2) INCOME AND REVENUE.—In order to carry out the purposes of the Corporation, all collections transferred to or earned by the Corporation, excluding the cost, as defined in section 502 of the Federal Credit Reform Act of 1990, of loans and loan guarantees, shall be deposited into the Corporate Capital
Account and shall be available to carry out its purpose, including without limitation—

(A) payment of all insurance and reinsurance claims of the Corporation;

(B) repayments to the Treasury of amounts borrowed under subsection (c);

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

(D) project-specific transaction costs.

(e) FULL FAITH AND CREDIT.—

(1) IN GENERAL.—All support provided pursuant to predecessor authorities or title II shall continue to constitute obligations of the United States, and the full faith and credit of the United States is hereby pledged for the full payment and performance of such obligations.

(2) AUTHORITY TO BORROW.—The Corporation is authorized to borrow from the Treasury such sums as may be necessary to fulfill such obligations of the United States and any such borrowing shall be at a rate determined by the Secretary of the Treasury, taking into consideration the current average market yields on outstanding marketable obligations of the United States of comparable maturities, for a period jointly determined by the Corporation
and the Secretary, and subject to such terms and
conditions as the Secretary may require.

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

(g) **INVESTMENT AUTHORITY.**—

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

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

(h) **TRANSFER FROM PREDECESSOR AGENCIES AND
PROGRAMS.**—By the date end of the transition period de-
scribed in title VI, the unexpended balances, assets, and
responsibilities of any agency specified in the plan required by section 602 shall be transferred to the Corporation.

(i) Transfer of Funds.—In order to carry out this Act, funds authorized to be appropriated to carry out the Foreign Assistance Act of 1961 may be transferred to the Corporation and funds authorized appropriated to the Corporation may be transferred to the Department of State and the United States Agency for International Development.

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

(1) means those costs incurred by the Corporation for travel, legal expenses, and direct and indirect costs incurred in claims settlements associated with the provision of support under title II and shall not be considered administrative expenses for the purposes of this section; and

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

Section 305. Coordination with Other Development Agencies.

It is the sense of Congress that the Corporation should use relevant data of the Department of State, Mil-
lenium Challenge Corporation, United States Agency for
International Development, and other departments and
agencies that have development functions to better inform
the decisions of the Corporation with respect to providing
support under title II.

TITLE IV—MONITORING,
EVALUATION, AND REPORTING

SEC. 401. ESTABLISHMENT OF RISK AND AUDIT COMMIT-
TEES.
(a) IN GENERAL.—To assist the Board to fulfill its
duties and responsibilities under section 201(a), the Cor-
poration shall establish a risk committee and an audit
committee.

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

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

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

(3) developing policies for enterprise risk man-
agement, monitoring, and management of strategic,
reputational, regulatory, operational, and financial risks; and
(4) developing the risk profile of the Corporation, including a risk management and compliance framework and governance structure to support such framework.

(c) DUTIES AND RESPONSIBILITIES OF AUDIT COMMITTEE.—Subject to the direction of the Board, the audit committee established under subsection (a) shall have the oversight responsibility of—

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

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

(3) the performance of the Corporation’s internal audit function; and

(4) compliance with legal and regulatory requirements related to the finances of the Corporation.

SEC. 402. PERFORMANCE MEASURES.

(a) IN GENERAL.—The Corporation shall develop a performance measurement system to evaluate and monitor projects supported by the Corporation under title II and to guide future projects of the Corporation.
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(b) CONSIDERATIONS.—In developing the performance measurement system required by subsection (a), the Corporation shall—

(1) develop a successor for the development impact measurement system of the Overseas Private Investment Corporation (as such system was in effect on the day before the date of enactment of this Act);

(2) develop a mechanism for ensuring that support provided by the Corporation under title II is in addition to private investment; and

(3) develop standards for, and a method for ensuring, appropriate financial performance of the Corporation’s portfolio.

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

(d) COLLABORATION.—In developing the performance measurement system required by subsection (a), the Corporation shall consult with stakeholders and other interested parties engaged in sustainable economic growth and development.
SEC. 403. ANNUAL REPORT.

(a) IN GENERAL.—After the end of each fiscal year, the Corporation shall submit to the appropriate congressional committees a complete and detailed report of its operations during that fiscal year, including an assessment of—

(1) the economic and social development impact and benefits of projects supported by the Corporation under title II;

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

(3) the Corporation’s institutional linkages with other relevant United States Government department and agencies, including efforts to strengthen such linkages.

(b) ELEMENTS.—Each annual report required by subsection (a) shall include projections of the effects of projects supported by the Corporation under title II, including—

(1) reviews and analysis of—

(A) the desired development and whether or not the Corporation is meeting the associated metrics, goals, and development objectives, in-
cluding, to the extent practicable, in the years
after conclusion of projects; and

(B) the effect of the Corporation’s support
on access to capital and ways in which the Cor-
poration is addressing identifiable market gaps
or inefficiencies and what impact, if any, such
support has on access to credit for a specific
project, country, or sector;

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

(3) projections of—

(A) development outcomes, and whether or
not support for projects are meeting the associ-
ated performance measures, both during the
start-up phase and over the duration of the
support; and

(B) the amount of private sector assets
brought to bear relative to the amount of sup-
port provided by the Corporation and any other
public sector support; and

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

SEC. 404. PUBLICLY AVAILABLE PROJECT INFORMATION.

The Corporation shall—

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

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

SEC. 405. ENGAGEMENT WITH INVESTORS.

(a) In general.—The Corporation, acting through
the Chief Development Officer, shall, in cooperation with
the Administrator of the United States Agency for Inter-
national Development—

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

(2) engage such entities and reduce business
risks primarily through direct transaction support
and facilitating investment partnerships;
(3) develop and support tools, approaches, and
intermediaries that can mobilize private finance at
scale in the developing world;

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

(5) pursue projects consistent with the policy of
the United States described in section 101 and the
Joint Strategic Plan and the Mission Country Devel-
opment Cooperation Strategies of the United States
Agency for International Development.

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

(1) develop risk mitigation tools;

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

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

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

(5) convene financial, donor, civil society, and
public sector partners around opportunities for pri-
ivate finance within development priorities;
(6) offer strategic planning and programming
assistance to catalyze investment into priority sec-
tors;
(7) provide transaction structuring support;
(8) deliver training and knowledge management
tools for engaging private investors;
(9) partner with private sector entities that pro-
vide access to capital and expertise; and
(10) identify and screen new investment part-
ners.
(c) Technical Assistance.—The Corporation shall
coordinate with the United States Agency for Inter-
national Development and other agencies and depart-
ments, as necessary, on projects and programs supported
by the Corporation that include technical assistance.

Title V—Conditions, Restrictions, and Prohibitions

Sec. 501. Limitations and Preferences.
(a) Limitation on Support for Single Entity.—No entity receiving support from the Corporation
under title II may receive more than an amount equal to
5 percent of the Corporation’s maximum contingent liabil-
ity authorized under section 303.
(b) Preference for Support for Projects
Sponsored by United States Persons.—
(1) IN GENERAL.—The Corporation should give preferential consideration to projects sponsored by or involving private sector entities that are United States persons.

(2) UNITED STATES PERSON DEFINED.—In this subsection, the term "United States person" means—

(A) a United States citizen; or

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

(c) PREFERENCE FOR SUPPORT IN COUNTRIES IN COMPLIANCE WITH INTERNATIONAL TRADE OBLIGATIONS.—

(1) CONSULTATIONS WITH UNITED STATES TRADE REPRESENTATIVE.—Not less frequently than annually, the Corporation shall consult with the United States Trade Representative with respect to the status of countries eligible to receive support from the Corporation under title II and the compliance of those countries with their international trade obligations.

(2) PREFERENTIAL CONSIDERATION.—The Corporation shall give preferential consideration to providing support under title II for projects in countries
in compliance with or making substantial progress
coming into compliance with their international
trade obligations.

(d) Worker Rights.—

(1) In general.—The Corporation should sup-
port projects under title II in countries that are tak-
ing steps to adopt and implement laws that extend
internationally recognized worker rights (as defined
in section 507 of the Trade Act of 1974 (19 U.S.C.
2467) to workers in that country, including any
designated zone in that country.

(2) Required contract language.—The
Corporation shall also include the following lan-
guage, in substantially the following form, in all con-
tracts which the Corporation enters into with eligible
investors to provide support under title II: “The in-
vestor agrees not to take actions to prevent employ-
eses of the foreign enterprise from lawfully exercising
their right of association and their right to organize
and bargain collectively. The investor further agrees
to observe applicable laws relating to a minimum age
for employment of children, acceptable conditions of
work with respect to minimum wages, hours of work,
and occupational health and safety, and not to use
forced labor or the worst forms of child labor (as de-
fined in section 507 of the Trade Act of 1974 (19 U.S.C. 2467(6))). The investor is not responsible under this paragraph for the actions of a foreign government.”.

(e) **Environmental and Social Impact.**—The Board shall not vote in favor of any project proposed to be supported by the Corporation under title II that is likely to have significant adverse environmental or social impacts that are sensitive, diverse, or unprecedented, unless—

(1) before the date of the vote, an environmental and social impact assessment or initial environmental and social audit, analyzing the environmental and social impacts of the proposed project and of alternatives to the proposed project, is completed; and

(2) such assessment or audit has been made available to the public of the United States, locally affected groups in the country in which the project will be carried out, and nongovernmental organizations in that country.

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

(a) **In General.**—Before the Corporation provides support for a project under title II, the Corporation shall
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ensure that private sector entities are afforded an oppor-

tunity to support the project.

(b) Safeguards, Policies, and Guidelines.—The

Corporation shall develop appropriate safeguards, policies,

and guidelines to ensure that support provided by the Cor-

poration under title II—

(1) supplements and encourages, but does not

compete with, private sector support;

(2) operates according to internationally recog-
nized best practices and standards with respect to

ensuring the avoidance of market distorting govern-

ment subsidies and the crowding out of private sec-

tor lending; and

(3) does not have a significant adverse impact

on United States employment.

SEC. 503. PROHIBITION ON SUPPORT IN SANCTIONED

COUNTRIES AND WITH SANCTIONED PER-

SONS.

(a) In General.—The Corporation is prohibited

from providing support under title II in a country the gov-

ernment of which the Secretary of State has determined

has repeatedly provided support for acts of international

terrorism for purposes of—

(1) section 6(j)(1)(A) of the Export Administra-

tion Act of 1979 (50 U.S.C. 4605(j)(1)(A)) (as con-

continued in effect pursuant to the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.));

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

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

(4) any other provision of law.

(b) PROHIBITION ON SUPPORT OF SANCTIONED PERSONS.—The Corporation is prohibited from supporting a project under title II that directly benefits any entity subject to sanctions imposed by the United States.

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

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

**TITLE VI—TRANSITIONAL PROVISIONS**

**SEC. 601. DEFINITIONS.**

In this title:
(1) AGENCY.—The term “agency” includes any entity, organizational unit, program, or function.

(2) TRANSITION PERIOD.—The term “transition period” means the period—

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

(B) ending on the effective date of the reorganization plan required by section 602(d).

SEC. 602. REORGANIZATION PLAN.

(a) SUBMISSION OF PLAN.—

(1) IN GENERAL.—Not later than 120 days after the date of the enactment of this Act, the President shall transmit to the appropriate congressional committees a reorganization plan regarding the following:

(A) The transfer of agencies, personnel, assets, and obligations to the Corporation pursuant to this title.

(B) Any consolidation, reorganization, or streamlining of agencies transferred to the Corporation pursuant to this title.

(C) Any efficiencies or cost savings achieved as a result of the transfer of agencies, personnel, assets, and obligations to the Corporation pursuant to this title, including reduc-
tions in unnecessary or duplicative operations, assets, and personnel.

(2) CONSULTATION.—Not later than 15 days before the date on which the plan is transmitted pursuant to this subsection, the President shall consult with the appropriate congressional committees on such plan.

(b) PLAN ELEMENTS.—The plan transmitted under subsection (a) shall contain, consistent with this Act, such elements as the President deems appropriate, including the following:

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

(2) Specification of the steps to be taken to organize the Corporation, including the delegation or assignment of functions transferred to the Corporation among officers of the Corporation in order to permit the Corporation to carry out the functions transferred under the plan.

(3) Specification of the funds available to each agency that will be transferred to the Corporation as a result of transfers under the plan.
(4) Specification of the proposed allocations within the Corporation of unexpended funds transferred in connection with transfers under the plan.

(5) Specification of any proposed disposition of property, facilities, contracts, records, and other assets and obligations of agencies transferred under the plan.

(c) Modification of Plan.—The President may, on the basis of consultations with the appropriate congressional committees, modify or revise any part of the plan until that part of the plan becomes effective in accordance with subsection (d).

(d) Effective Date.—

(1) In general.—The reorganization plan described in this section, including any modifications or revisions of the plan under subsection (c), shall become effective for an agency on the date specified in the plan (or the plan as modified pursuant to subsection (c)), except that such date may not be earlier than 90 days after the date the President has transmitted the reorganization plan to the appropriate congressional committees pursuant to subsection (a).

(2) Statutory Construction.—Nothing in this subsection may be construed to require the transfer of functions, personnel, records, balances of
appropriations, or other assets of an agency on a
single date.

SEC. 603. TRANSFER OF FUNCTIONS.

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

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

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

(A) The Development Credit Authority.

(B) The existing Legacy Credit portfolio
under the Urban Environment Program and
any other direct loan programs and non-Devel-
opment Credit Authority guarantee programs
authorized by the Foreign Assistance Act of
1961 (22 U.S.C. 2151 et seq.) or other prede-
cessor Acts, as in existence on the date of the
enactment of this Act, other than any sovereign
loan guarantees.

(b) ADDITIONAL TRANSFER AUTHORITY.—Effective
at the end of the transition period, there is authorized to
be transferred to the Corporation the functions, personnel,
assets, and liabilities of the following elements of the
United States Agency for International Development:

(1) The Office of Private Capital and Microen-
terprise.

(2) The enterprise funds.

(c) **SOVEREIGN LOAN GUARANTEE TRANSFER.**—

(1) **IN GENERAL.**—Effective at the end of the
transition period, there is authorized to be trans-
ferred to the Corporation or any other appropriate
department or agency of the United States Govern-
ment the loan accounts and the legal rights and re-
sponsibilities for the sovereign loan guarantee port-
folio held by the United States Agency for Inter-
national Development as in existence on the day be-
fore the date of the enactment of this Act.

(2) **INCLUSION IN REORGANIZATION PLAN.**—
The President include in reorganization plan sub-
mitted under section 602 a description of the trans-
fer authorized under paragraph (1).

(d) **BILATERAL AGREEMENTS.**—Any bilateral agree-
ment of the United States in effect on the date of the
enactment of this Act that serves as the basis for pro-
grams of the Overseas Private Investment Corporation
and the Development Credit Authority shall be considered
as satisfying the requirements of section 301(a).
(e) TRANSITION.—During the transition period, the
departmental agencies specified in subsection (a) shall—

(1) continue to administer the assets and oblig-
gations of those agencies; and

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

SEC. 604. TERMINATION OF OVERSEAS PRIVATE INVEST-
MENT CORPORATION AND OTHER SUPERCEDED AUTHORITIES.

Effective at the end of the transition period—

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

(2) title IV of chapter 2 of part I of the For-

gn Assistance Act of 1961 (22 U.S.C. 2191 et

seq.) (other than subsections (g), (l), and (n) of sec-

tion 237 of that Act) is repealed.

SEC. 605. TRANSITIONAL AUTHORITIES.

(a) Provision of Assistance by Officials.—

Until the transfer of an agency to the Corporation under

section 603, any official having authority over or functions

relating to the agency immediately before the date of the

enactment of this Act shall provide to the Corporation

such assistance, including the use of personnel and assets,
as the Corporation may request in preparing for the transfer and integration of the agency into the Corporation.

(b) SERVICES AND PERSONNEL.—During the transition period, upon the request of the Corporation, the head of any executive agency may, on a reimbursable or non-reimbursable basis, provide services or detail personnel to assist with the transition.

(c) ACTING OFFICIALS.—

(1) IN GENERAL.—During the transition period, pending the advice and consent of the Senate to the appointment of an officer required by this Act to be appointed by and with such advice and consent, the President may designate any officer whose appointment was required to be made by and with such advice and consent and who was such an officer immediately before the date of the enactment of this Act (and who continues in office) or immediately before such designation, to act in such office until the same is filled as provided in this Act. While so acting, such officers shall receive compensation at the higher of—

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

(B) the rates provided for the offices held at the time of designation.
(2) Rule of construction.—Nothing in this Act shall be construed to require the advice and consent of the Senate to the appointment by the President to a position in the Corporation of any officer whose agency is transferred to the Corporation pursuant to this title and whose duties following such transfer are germane to those performed before such transfer.

(d) Transfer of Personnel, Assets, Obligations, and Functions.—Upon the transfer of an agency to the Corporation under section 603—

(1) the personnel, assets, and obligations held by or available in connection with the agency shall be transferred to the Corporation for appropriate allocation, subject to the approval of the Director of the Office of Management and Budget and in accordance with section 1531(a)(2) of title 31, United States Code; and

(2) the Corporation shall have all functions—

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

(B) vested in the Corporation by this Act or other law.
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SEC. 606. SAVINGS PROVISIONS.

(a) COMPLETED ADMINISTRATIVE ACTIONS.—

(1) IN GENERAL.—Completed administrative actions of an agency shall not be affected by the enactment of this Act or the transfer of such agency to the Corporation under section 603, but shall continue in effect according to their terms until amended, modified, superseded, terminated, set aside, or revoked in accordance with law by an officer of the United States or a court of competent jurisdiction, or by operation of law.

(2) COMPLETED ADMINISTRATIVE ACTION DEFINED.—In this subsection, the term “completed administrative action” includes orders, determinations, rules, regulations, personnel actions, permits, agreements, grants, contracts, certificates, policies, licenses, registrations, and privileges.

(b) PENDING PROCEEDINGS.—

(1) IN GENERAL.—Pending proceedings in an agency, including notices of proposed rulemaking, and applications for licenses, permits, certificates, grants, and financial assistance, shall continue notwithstanding the enactment of this Act or the transfer of the agency to the Corporation, unless discontinued or modified under the same terms and conditions and to the same extent that such discontinu-
ance could have occurred if such enactment or trans-
fer had not occurred.

(2) ORDERS.—Orders issued in proceedings de-
scribed in paragraph (1), and appeals therefrom,
and payments made pursuant to such orders, shall
issue in the same manner and on the same terms as
if this Act had not been enacted or the agency had
not been transferred, and any such orders shall con-
tinue in effect until amended, modified, superseded,
terminated, set aside, or revoked by an officer of the
United States or a court of competent jurisdiction,
or by operation of law.

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

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

(e) Employment Provisions.—

(1) Regulations.—The Corporation may, in
regulations prescribed jointly with the Director of
the Office of Personnel Management, adopt the
rules, procedures, terms, and conditions, established
by statute, rule, or regulation before the date of the
enactment of this Act, relating to employment in any
agency transferred to the Corporation under section
603.

(2) Effect of transfer on conditions of
employment.—Except as otherwise provided in this
Act, or under authority granted by this Act, the
transfer pursuant to this title of personnel shall not
alter the terms and conditions of employment, in-
cluding compensation, of any employee so trans-
ferred.

(f) Statutory Reporting Requirements.—Any
statutory reporting requirement that applied to an agency
transferred to the Corporation under this title immediately
before the date of the enactment of this Act shall continue
to apply following that transfer if the statutory require-
ment refers to the agency by name.

SEC. 607. OTHER TERMINATIONS.

Except as otherwise provided in this Act, whenever
all the functions vested by law in any agency have been
transferred pursuant to this title, each position and office
the incumbent of which was authorized to receive com-
ensation at the rates prescribed for an office or position
at level II, III, IV, or V of the Executive Schedule under
subchapter II of chapter 53 of title 5, United States Code,
shall terminate.

SEC. 608. INCIDENTAL TRANSFERS.

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

SEC. 609. REFERENCE.

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

SEC. 610. CONFORMING AMENDMENTS.

(a) Exempt Programs.—Section 255(g) of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 905(g)) is amended by striking “Overseas Private Investment Corporation, Noncredit Account (71–4184–0–3–151).” and inserting “United States International Development Finance Corporation.”.

(b) Executive Schedule.—Title 5, United States Code, is amended—

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

(2) in section 5315, by striking “Executive Vice President, Overseas Private Investment Corporation.”; and

(3) in section 5316, by striking “Vice Presidents, Overseas Private Investment Corporation (3).”.

(c) Office of International Trade of the Small Business Administration.—Section 22 of the Small Business Act (15 U.S.C. 649) is amended—
(1) in subsection (b), in the matter preceding paragraph (1), by striking “the President of the Overseas Private Investment Corporation, Director” and inserting “the Board of Directors of the United States International Development Finance Corporation, the Director”; and

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


(f) INTERAGENCY TRADE DATA ADVISORY COMMITTEE.—Section 5402(b) of the Omnibus Trade and Competitiveness Act of 1988 (15 U.S.C. 4902(b)) is
amended by striking “the President of the Overseas Private Investment Corporation” and inserting “the Chief Executive Officer of the United States International Development Finance Corporation”.

(g) **Misuse of Names of Federal Agencies.**—Section 709 of title 18, United States Code, is amended by striking “‘Overseas Private Investment’, ‘Overseas Private Investment Corporation’, or ‘OPIC’,” and inserting “‘United States International Development Finance Corporation’ or ‘DFC’”.


(i) **Internships With Institute for International Public Policy.**—Section 625 of the Higher Education Act of 1965 (20 U.S.C. 1131c(a)) is amended by striking “Overseas Private Investment Corporation” and inserting “United States International Development Finance Corporation”.
(j) **Foreign Assistance Act of 1961.**—The Foreign Assistance Act of 1961 (22 U.S.C. 2151 et seq.) is amended—

1. in section 449B(b)(2) (22 U.S.C. 2296b(b)(2)), by striking “Overseas Private Investment Corporation” and inserting “United States International Development Finance Corporation”;

2. in section 481(e)(4)(A) (22 U.S.C. 2291(e)(4)(A)), in the matter preceding clause (i), by striking “(including programs under title IV of chapter 2, relating to the Overseas Private Investment Corporation)” and inserting “(and any support under title II of the Better Utilization of Investments Leading to Development Act of 2018, relating to the United States International Development Finance Corporation)”.

(k) **Electrify Africa Act of 2015.**—Sections 5 and 7 of the Electrify Africa Act of 2015 (Public Law 114–121; 22 U.S.C. 2293 note) are amended by striking “Overseas Private Investment Corporation” each place it appears and inserting “United States International Development Finance Corporation”.

(l) **Foreign Aid Transparency and Accountability Act of 2016.**—Section 2(3) of the Foreign Aid
Transparency and Accountability Act of 2016 (Public Law 114–191; 22 U.S.C. 2394c note) is amended by striking subparagraph (A) and inserting the following:

“(A) title II of the Better Utilization of Investments Leading to Development Act of 2018;”.

(m) SUPPORT FOR EAST EUROPEAN DEMOCRACY (SEED) PROGRAM.—The Support for East European Democracy (SEED) Act of 1989 (22 U.S.C. 5401 et seq.) is amended—

(1) in section 2(c) (22 U.S.C. 5401(c)), by striking paragraph (12) and inserting the following:

“(12) UNITED STATES INTERNATIONAL DEVELOPMENT FINANCE CORPORATION.—Programs of the United States International Development Finance Corporation.”; and

(2) in section 201(e) (22 U.S.C. 5421(e)), by striking “Agency for International Development” and inserting “United States International Development Finance Corporation”.

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


(p) **TRAFFICKING VICTIMS PROTECTION ACT OF 2000.**—Section 103(8)(A) of the Trafficking Victims Protection Act of 2000 (22 U.S.C. 7102(8)(A)) is amended in clause (viii) to read as follows:

“(viii) any support under title II of the Better Utilization of Investments Leading to Development Act of 2018 relating to the United States International Development Finance Corporation; and”.

(q) **TECHNOLOGY DEPLOYMENT IN DEVELOPING COUNTRIES.**—Section 732(b) of the Global Environmental Protection Assistance Act of 1989 (22 U.S.C. 7902(b)) is amended by striking “Overseas Private Investment Corporation” and inserting “United States International Development Finance Corporation”.
(r) Expanded Nonmilitary Assistance for Ukraine.—Section 7(e)(3) of the Ukraine Freedom Support Act of 2014 (22 U.S.C. 8926(e)(3)) is amended—

(1) in the matter preceding subparagraph (A), by striking “Overseas Private Investment Corporation” and inserting “United States International Development Finance Corporation”; and

(2) in subparagraph (B), by striking “by eligible investors (as defined in section 238 of the Foreign Assistance Act of 1961 (22 U.S.C. 2198))”.


(u) Wholly Owned Government Corporation.—Section 9101(3) of title 31, United States Code, is amended by striking “Overseas Private Investment Cor-
poration” and inserting “United States International De-
velopment Finance Corporation”.

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

(1) in section 914 (42 U.S.C. 17334)—

(A) in the section heading, by striking

“OVERSEAS PRIVATE INVESTMENT COR-
PORATION” and inserting “UNITED STATES
INTERNATIONAL DEVELOPMENT FINANCE
CORPORATION”;

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

(C) in subsection (b), in the matter pre-
ceeding paragraph (1), by striking “Overseas
Private Investment Corporation shall include in
its annual report required under section 240A
of the Foreign Assistance Act of 1961 (22
U.S.C. 2200a)” and inserting “United States
International Development Finance Corporation
shall include in its annual report required under
section 403 of the Better Utilization of Invest-
ments Leading to Development Act of 2018’’;

and

(2) in section 916(a)(2)(I) (42 U.S.C.
17336(a)(2)(I)), by striking ‘‘Overseas Private In-
vestment Corporation:’’ and inserting ‘‘United
States International Development Finance Corpo-
ration:’’.

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

(4) develop standards for, and a method for ensuring, appropriate development performance of the Corporation’s portfolio, including—

(A) measurement of the projected and post development impact of a project; and

(B) the information necessary to comply with section 403.

In subsection (l) of section 610 to read as follows:

(l) FOREIGN AID TRANSPARENCY AND ACCOUNTABILITY ACT OF 2016.—Section 2(3) of the Foreign Aid Transparency and Accountability Act of 2016 (Public Law 114–191; 22 U.S.C. 2394c note) is amended—
(1) in subparagraph (A), by striking “except for” and all that follows through “chapter 3” and insert “except for chapter 3”;

(2) in subparagraph (C), strike “and” at the end;

(3) in subparagraph (D), strike the period at the end and insert “; and”; and

(4) by adding at the end the following:

“(E) the Better Utilization of Investments 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
transfer of functions authorized by this section have
occurred to coordinate between the Corporation and
the United States Agency for International Develop-
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
2

(3) a description of the project, activity, or asset and the development goal or purpose to be 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 utilizing its authorities under title II, the Corporation should consider the impacts of its support on women’s economic opportunities and outcomes and make efforts to mitigate
gender gaps and maximize development impact by working
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:

SEC. 105. INDEPENDENT ACCOUNTABILITY MECHANISM.

(a) In general.—The Board shall establish a trans-
parent and independent accountability mechanism.

(b) Functions.—The independent accountability
mechanism established pursuant to subsection (a) shall—

(1) annually evaluate and report to the Board
and Congress regarding compliance with environ-
mental, social, labor, human rights, and trans-
parency standards, consistent with Corporation stat-
utory mandates;

(2) provide a forum for resolving concerns re-
garding the impacts of specific Corporation-supp-
ported projects with respect to such standards; and

(3) provide advice regarding Corporation
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(e) 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:
(3) The Corporation shall, with respect to providing any loan guaranty to a project, require the parties to the project to bear the risk of loss in an amount equal to at least 20 percent of the guaranteed support by the Corporation in the project.

In section 501(e)(1), insert “at least 60 days” before “before”.

At the end of section 501, add the following:

(f) Preference for provision of support in countries embracing private enterprise.—

(1) In general.—The Corporation should give preferential consideration to projects for which support under title II may potentially be provided in countries the governments of which are making continual progress toward economic policies that promote the development of private enterprise, both domestic and foreign, and maintaining the conditions that enable private enterprise to make its full contribution to the development of such countries, including—

(A) market-based economies;

(B) protecting private property rights;

(C) respect for the rule of law; and
(D) systems to combat corruption and bribery.

(2) SOURCES OF INFORMATION.—The Corporation should rely on both third-party indicators and United States Government information, such as the Department of State’s Investment Climate Statements, the Department of Commerce’s Country Commercial Guides, or the Millennium Challenge Corporation’s Constraints Analysis, to assess whether countries meet the conditions described in paragraph (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:

(f) Consideration of Foreign Boycott Participation.—In providing support under for projects under title II, the Corporation shall consider, using information readily available, whether the project is sponsored by or substantially affiliated with any person taking or knowingly agreeing to take actions, or having taken or knowingly agreed to take actions within the past three years, which demonstrate or otherwise evidence intent to comply with, further, or support any boycott fostered or imposed by any foreign country, or request to impose any boycott by any foreign country, against a country which is friendly to the United States and which is not itself the object of any form of boycott pursuant to United States law or regulation.
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 subject to sanctions.—The Corporation shall require any entity or party receiving support under title II to certify it, any entity owned or controlled by the entity or party, or any entity or party which owns or otherwise manages the entity or party receiving support, does not conduct any activities subject to sanctions imposed by the United 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:

(4) the compliance of projects supported by the Corporation under title II with all relevant human rights, environmental, labor, and social policies, or other such related policies that govern the Corporation’s support for projects, promulgated or otherwise 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:

(5) developing policies and procedures for assessing, prior to providing, and during any period during which the Corporation provides support to any foreign entities, whether such entities have in place sufficient enhanced due diligence policies and practices to prevent money laundering and corruption to ensure the Corporation does not provide support to persons that are—

(A) knowingly engaging in acts of corruption;

(B) knowingly providing material or financial support for terrorism, drug trafficking, or human trafficking; or
(C) responsible for ordering or otherwise directing serious or gross violations of human 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.

IN THE HOUSE OF REPRESENTATIVES  

MARCH 1, 2018  

Ms. ROSENSTEIN (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.

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 Represent-atives 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”.  

(b) Table of Contents.—The table of contents for  
8  this Act is as follows:
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.

SEC. 2. DEFINITION.

In this Act, the term ‘‘appropriate congressional committees’’ means—

(1) the Committee on Foreign Affairs and the Committee on Armed Services of the House of Representatives; and

(2) the Committee on Foreign Relations and the Committee on Armed Services of the Senate.
TITLE I—SECURITY ASSISTANCE FOR ISRAEL

SEC. 101. FINDINGS.

Congress makes the following findings:

(1) In April 1998, the United States designated Israel as a “major non-NATO ally”.

(2) On August 16, 2007, the United States and Israel signed a 10-year Memorandum of Understanding on United States military assistance to Israel, the total amount of military assistance over the course of this period would equal $30 billion.

(3) On July 27, 2012, the United States-Israel Enhanced Security Cooperation Act of 2012 (Public Law 112–150; 22 U.S.C. 8601 et seq.) declared it to be the policy of the United States “to help the Government of Israel preserve its qualitative military edge amid rapid and uncertain regional political transformation” and “provide Israel defense articles and services, to include air refueling tankers, missile defense capabilities, and specialized munitions”.

(4) On December 19, 2014, the President signed into law the United States-Israel Strategic Partnership Act of 2014 (Public Law 113–296) which stated the sense of Congress that Israel is a major strategic partner of the United States and de-
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dared it to be the policy of the United States “to
continue to provide Israel with robust security as-
sistance, including for the procurement of the Iron
Dome Missile Defense System”.

(5) Section 1679 of the National Defense Au-
thorization Act for Fiscal Year 2016 (Public Law
114–92; 129 Stat. 1135) authorized funds to be ap-
propriated for Israeli cooperative missile defense
program codvelopment and coproduction, including
funds to be provided to the Government of Israel to
procure the David’s Sling weapon system as well as
the Arrow 3 Upper Tier Interceptor Program.

(6) On September 13, 2016, the House of Rep-
resentatives passed, by a vote of 405 to 4, House
Resolution 729, expressing support for the expedi-
tious consideration and finalization of a new, robust,
and long-term Memorandum of Understanding on
military assistance to Israel between the United
States Government and the Government of Israel.

(7) House Resolution 729 provides that the
House of Representatives—

(A) “reaffirms that Israel is a major stra-
tegic partner of the United States”; 

(B) “reaffirms that it is the policy and law
of the United States to ensure that Israel main-
tains its qualitative military edge and has the
capacity and capability to defend itself from all
threats";

(C) "reaffirms United States support of a
robust Israeli tiered missile defense program";

(D) "supports continued discussions be-
tween the Government of the United States and
the Government of Israel for a robust and long-
term Memorandum of Understanding on United
States military assistance to Israel";

(E) "urges the expeditious finalization of a
new Memorandum of Understanding between
the Government of the United States and the
Government of Israel"; and

(F) "supports a robust and long-term
Memorandum of Understanding negotiated be-
tween the United States and Israel regarding
military assistance which increases the amount
of aid from previous agreements and signifi-
cantly enhances Israel's military capabilities".

(8) On September 14, 2016, the United States
and Israel signed a 10-year Memorandum of Under-
standing reaffirming the importance of continuing
annual United States military assistance to Israel
and cooperative missile defense programs in a way
that enhances Israel’s security and strengthens the bilateral relationship between the two countries.

(9) The 2016 Memorandum of Understanding reflected United States support of Foreign Military Financing (FMF) grant assistance to Israel over the 10-year period beginning in fiscal year 2019 and ending in fiscal year 2028. Such FMF grant assistance would equal $3.3 billion annually, totaling $33 billion.

(10) The 2016 Memorandum of Understanding also reflected United States support for funding for cooperative programs to develop, produce, and procure missile, rocket and projectile defense capabilities over a 10-year period beginning in fiscal year 2019 and ending in fiscal year 2028 at a level of $500 million annually, totaling $5 billion.

**SEC. 102. STATEMENT OF POLICY.**

It shall be the policy of the United States to provide assistance to the Government of Israel in order to support funding for cooperative programs to develop, produce, and procure missile, rocket, projectile, and other defense capabilities to help Israel meet its security needs and to help develop and enhance United States defense capabilities.
SEC. 103. ASSISTANCE FOR ISRAEL.

Section 513(e) of the Security Assistance Act of 2000 (Public Law 106–280; 114 Stat. 856) is amended—


(2) in paragraph (2), by striking “equal to—” and all that follows and inserting “not less than $3,300,000,000”; and

(3) in paragraph (3), by striking “Funds authorized” and all that follows through “later.” and inserting “Funds authorized to be available for Israel under subsection (b)(1) and paragraph (1) of this subsection for fiscal years 2019, 2020, 2021, 2022, and 2023 shall be disbursed not later than 30 days after the date of the enactment of an Act making appropriations for the Department of State, foreign operations, and related programs for the respective fiscal year, or October 31 of the respective fiscal year, whichever is later.”.

SEC. 104. JOINT ASSESSMENT OF QUANTITY OF PRECISION GUIDED MUNITIONS FOR USE BY ISRAEL.

(a) IN GENERAL.—The President, acting through the Secretary of Defense, is authorized to conduct a joint assessment with the Government of Israel with respect to the matters described in subsection (b).
(b) **Matters Described.**—The matters described in this subsection are the following:

(1) The quantity and type of precision guided munitions that are necessary for Israel to combat Hezbollah in the event of a sustained armed confrontation between Israel and Hezbollah.

(2) The quantity and type of precision guided munitions that are necessary for Israel in the event of a sustained armed confrontation with other armed groups and terrorist organizations such as Hamas.

(3) The resources the Government of Israel can plan to dedicate to acquire such precision guided munitions.

(4) United States planning to assist Israel to prepare for the sustained armed confrontations described in paragraphs (1) and (2) as well as the ability of the United States to resupply Israel in the event of such confrontations described in paragraphs (1) and (2), if any.

(c) **Report.**—

(1) **In general.**—Not later than 15 days after the date on which the joint assessment authorized under subsection (a) is completed, the Secretary of Defense shall submit to the appropriate congres-
sional committees a report that contains the joint
assessment.

(2) Form.—The report required under para-
graph (1) shall be submitted in unclassified form,
but may contain a classified annex.

SEC. 105. TRANSFER OF PRECISION GUIDED MUNITIONS TO
ISRAEL.

(a) IN GENERAL.—Notwithstanding section 514 of
the Foreign Assistance Act of 1961 (22 U.S.C. 2321h),
the President is authorized to—

(1) utilize the Special Defense Acquisition Fund
to transfer precision guided munitions and related
defense articles and services to reserve stocks for
Israel; and

(2) transfer such quantities of precision guided
munitions from reserve stocks for Israel as necessary
for legitimate self-defense and is otherwise con-
sistent with the purposes and conditions for such
transfers under the Arms Export Control Act.

(b) CERTIFICATION.—Except in the case of an emer-
gency, not later than 5 days before making a transfer
under subsection (a), the President shall certify to the ap-
propriate congressional committees that the transfer of
the precision guided munitions—
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(1) does not affect the ability of the United States to maintain a sufficient supply of precision guided munitions; and

(2) does not harm the combat readiness of the United States or the ability of the United States to meet its commitment to allies for the transfer of such munitions.

SEC. 106. MODIFICATION OF RAPID ACQUISITION AND DEPLOYMENT PROCEDURES.

(a) Requirement To Establish Procedures.—


(A) in paragraph (1)(C), by striking “; and” at the end;

(B) in paragraph (2), by striking the period at the end and inserting “; and”;

(C) by adding at the end the following:

“(3) urgently needed to support production of precision guided munitions—

“(A) for United States counterterrorism missions; or

“(B) to assist an ally of the United States under direct missile threat from—
“(i) an organization the Secretary of
State has designated as a foreign terrorist
organization pursuant to section 219 of the
Immigration and Nationality Act (8 U.S.C.
1189); or
“(ii) a country the government of
which the Secretary of State has deter-
mined, for purposes of section 6(j) of the
Export Administration Act of 1979 (50
U.S.C. 4605(j)) (as in effect pursuant to
the International Emergency Economic
Powers Act), section 620A of the Foreign
Assistance Act of 1961 (22 U.S.C. 2371),
section 40 of the Arms Export Control Act
(22 U.S.C. 2780), or any other provision
of law, is a government that has repeatedly
provided support for acts of international
terrorism.”.

(2) PRESCRIPTION OF PROCEDURES.—The Sec-
retary of Defense shall prescribe procedures for the
rapid acquisition and deployment of supplies and as-
associated support services for purposes described in
paragraph (3) of section 806(a) of the Bob Stump
National Defense Authorization Act for Fiscal Year
2003, as added by paragraph (1) of this subsection,
not later than 180 days after the date of the enactment of this Act.

(b) Use of Amounts in Special Defense Acquisition Fund.—Section 114(c)(3) of title 10, United States Code, is amended by inserting at the end before the period the following: “or to assist an ally of the United States that is under direct missile threat, including from a terrorist organization supported by Iran, and such threat adversely affects the safety and security of such ally”.

SEC. 107. EXTENSION OF WAR RESERVES STOCKPILE AUTHORITY.

(a) Department of Defense Appropriations Act, 2005.—Subsection (e) of section 12001 of the Department of Defense Appropriations Act, 2005 (Public Law 108–287; 118 Stat. 1011), as redesignated by section 105 of this Act, is amended by striking “after September 30, 2018” and inserting “after September 30, 2023”.


SEC. 108. ELIGIBILITY OF ISRAEL FOR THE STRATEGIC TRADE AUTHORIZATION EXCEPTION TO CERTAIN EXPORT CONTROL LICENSING REQUIREMENTS.

(a) FINDINGS.—Congress finds the following:

(1) Israel has adopted high standards in the field of export controls.

(2) Israel has declared its unilateral adherence to the Missile Technology Control Regime, the Australia Group, and the Nuclear Suppliers Group.

(3) Israel is a party to—

(A) the Protocol for the Prohibition of the Use in War of Asphyxiating, Poisonous or Other Gases, and of Bacteriological Methods of Warfare, signed at Geneva June 17, 1925; and

(B) the Convention on the Physical Protection of Nuclear Material, adopted at Vienna on October 26, 1979.

(4) Section 6(b) of the United States-Israel Strategic Partnership Act of 2014 (22 U.S.C. 8603 note) directs the President, consistent with the commitments of the United States under international agreements, to take steps so that Israel may be included in the list of countries eligible for the strategic trade authorization exception under section 740.20(c)(1) of title 15, Code of Federal Regula-
tions, to the requirement for a license for the export,
re-export, or in-country transfer of an item subject
to controls under the Export Administration Regula-
tions.

(5) As of December 27, 2016, the last publica-
tion of the license exceptions country list, Israel had
not been included in the list of countries eligible for
the strategic trade authorization exception under
section 740.20(c)(1) of title 15, Code of Federal
Regulations.

(b) REPORT ON ELIGIBILITY FOR STRATEGIC TRADE
AUTHORIZATION EXCEPTION.—

(1) IN GENERAL.—Not later than 120 days
after the date of the enactment of this Act, the
President shall submit to the appropriate congress-
ional committees a report that—

(A) describes the steps taken to include
Israel in the list of countries eligible for the
strategic trade authorization exception under
section 740.20 (c) (1) of title 15, Code of Fed-
eral Regulations section, as required under 6(b)
of the United States-Israel Strategic Partner-
ship Act of 2014 (22 U.S.C. 8603 note); and

(B) includes the reasons as to why Israel
has not yet been included in such list of coun-
tries eligible for the strategic trade authorization exception.

(2) Form.—The report required under paragraph (1) shall be submitted in unclassified form, but may contain a classified annex.

SEC. 109. EXTENSION OF LOAN GUARANTEES TO ISRAEL.

Chapter 5 of title I of the Emergency Wartime Supplemental Appropriations Act, 2003 (Public Law 108–11; 117 Stat. 576) is amended under the heading “Loan Guarantees to Israel”—

(1) in the matter preceding the first proviso, by striking “September 30, 2019” and inserting “September 30, 2023”; and

(2) in the second proviso, by striking “September 30, 2019” and inserting “September 30, 2023”.

TITLE II—ENHANCED COOPERATION BETWEEN THE UNITED STATES AND ISRAEL

SEC. 201. UNITED STATES-ISRAEL CYBERSECURITY CO-

OPERATION.

(a) Grant Program.—

(1) Establishment.—The Secretary, in accordance with the agreement entitled the “Agreement between the Government of the United States
of America and the Government of the State of Israel on Cooperation in Science and Technology for Homeland Security Matters”, dated May 29, 2008 (or successor agreement), and the requirements specified in paragraph (2), shall establish a grant program at the Department to support—

(A) cybersecurity research and development; and

(B) demonstration and commercialization of cybersecurity technology.

(2) REQUIREMENTS.—

(A) APPLICABILITY.—Notwithstanding any other provision of law, in carrying out a research, development, demonstration, or commercial application program or activity that is authorized under this section, the Secretary shall require cost sharing in accordance with this paragraph.

(B) RESEARCH AND DEVELOPMENT.—

(i) IN GENERAL.—Except as provided in clause (ii), the Secretary shall require not less than 50 percent of the cost of a research, development, demonstration, or commercial application program or activity
described in subparagraph (A) to be provided by a non-Federal source.

(ii) REDUCTION.—The Secretary may reduce or eliminate, on a case-by-case basis, the percentage requirement specified in clause (i) if the Secretary determines that such reduction or elimination is necessary and appropriate.

(C) MERIT REVIEW.—In carrying out a research, development, demonstration, or commercial application program or activity that is authorized under this section, awards shall be made only after an impartial review of the scientific and technical merit of the proposals for such awards has been carried out by or for the Department.

(D) REVIEW PROCESSES.—In carrying out a review under subparagraph (C), the Secretary may use merit review processes developed under section 302(14) of the Homeland Security Act of 2002 (6 U.S.C. 182(14)).

(3) ELIGIBLE APPLICANTS.—An applicant shall be eligible to receive a grant under this subsection if the project of such applicant—
18

(A) addresses a requirement in the area of cybersecurity research or cybersecurity technology, as determined by the Secretary; and

(B) is a joint venture between—

(i) (I) a for-profit business entity, academic institution, National Laboratory (as defined in section 2 of the Energy Policy Act of 2005 (42 U.S.C. 15801)), or nonprofit entity in the United States; and

(II) a for-profit business entity, academic institution, or nonprofit entity in Israel; or

(ii) (I) the Federal Government; and

(II) the Government of Israel.

(4) APPLICATIONS.—To be eligible to receive a grant under this subsection, an applicant shall submit to the Secretary an application for such grant in accordance with procedures established by the Secretary, in consultation with the advisory board established under paragraph (5).

(5) ADVISORY BOARD.—

(A) Establishment.—The Secretary shall establish an advisory board to—
19

(i) monitor the method by which
grants are awarded under this subsection;
and
(ii) provide to the Secretary periodic
performance reviews of actions taken to
carry out this subsection.

(B) COMPOSITION.—The advisory board
established under subparagraph (A) shall be
composed of three members, to be appointed by
the Secretary, of whom—

(i) one shall be a representative of the
Federal Government;
(ii) one shall be selected from a list of
nominees provided by the United States-
Israel Binational Science Foundation; and
(iii) one shall be selected from a list
of nominees provided by the United States-
Israel Binational Industrial Research and
Development Foundation.

(6) CONTRIBUTED FUNDS.—Notwithstanding
any other provision of law, the Secretary may accept
or retain funds contributed by any person, govern-
ment entity, or organization for purposes of carrying
out this subsection. Such funds shall be available,
subject to appropriation, without fiscal year limitation.

(7) REPORT.—Not later than 180 days after
the date of completion of a project for which a grant
is provided under this subsection, the grant recipient
shall submit to the Secretary a report that con-
tains—

(A) a description of how the grant funds
were used by the recipient; and

(B) an evaluation of the level of success of
each project funded by the grant.

(8) CLASSIFICATION.—Grants shall be awarded
under this subsection only for projects that are con-
sidered to be unclassified by both the United States
and Israel.

(b) TERMINATION.—The grant program and the ad-
visory board established under this section terminate on
the date that is 7 years after the date of the enactment
of this Act.

(c) NO ADDITIONAL FUNDS AUTHORIZED.—No addi-
tional funds are authorized to carry out the requirements
of this section. Such requirements shall be carried out
using amounts otherwise authorized.

(d) DEFINITIONS.—In this section—
201

21

(1) the term “cybersecurity research” means research, including social science research, into ways
to identify, protect against, detect, respond to, and
recover from cybersecurity threats;

(2) the term “cybersecurity technology” means
technology intended to identify, protect against, de-
dect, respond to, and recover from cybersecurity
threats;

(3) the term “cybersecurity threat” has the
meaning given such term in section 102 of the Cy-
bersecurity Information Sharing Act of 2015 (en-
acted as title I of the Cybersecurity Act of 2015 (di-
vision N of the Consolidated Appropriations Act,
2016 (Public Law 114–113)));

(4) the term “Department” means the Depart-
ment of Homeland Security; and

(5) the term “Secretary” means the Secretary

SEC. 202. UNITED STATES-ISRAEL SPACE COOPERATION.

20

(a) FINDINGS.—The Congress finds that—

(1) authorized in 1958, the National Aero-

nautics and Space Administration (NASA) supports

and coordinates United States Government research

in aeronautics, human exploration and operations,

science, and space technology;
(2) established in 1983, the Israel Space Agency (ISA) supports the growth of Israel’s space industry by supporting academic research, technological innovation, and educational activities;

(3) the mutual interest of the United States and Israel in space exploration affords both nations an opportunity to leverage their unique abilities to advance scientific discovery;

(4) in 1996, NASA and the ISA entered into their first agreement outlining areas of mutual cooperation, which remained in force until 2005;

(5) since 1996, NASA and the ISA have successfully cooperated on many space programs supporting the Global Positioning System and research related to the sun, earth science, and the environment;

(6) the bond between NASA and the ISA was permanently forged on February 1, 2003, with the loss of the crew of STS–107 including Israeli Astronaut Ilan Ramon;

(7) the United States-Israel Strategic Partnership Act of 2014 (Public Law 113–296) designated Israel as a Major Strategic Partner of the United States; and
(8) on October 13, 2015, the United States and
Israel signed the Framework Agreement between the
National Aeronautics and Space Administration of
the United States of America and the Israel Space
Agency for Cooperation in Aeronautics and the Ex-
ploration and Use of Airspace and Outer Space for
Peaceful Purposes.

(b) CONTINUING COOPERATION.—The Administrator
of the National Aeronautics and Space Administration
shall continue to work with the Israel Space Agency to
identify and cooperatively pursue peaceful space explo-
ration and science initiatives in areas of mutual interest,
taking all appropriate measures to protect sensitive infor-
mation, intellectual property, trade secrets, and economic
interests of the United States.

SEC. 203. UNITED STATES AGENCY FOR INTERNATIONAL
DEVELOPMENT—ISRAEL ENHANCED CO-
OPERATION.

(a) Statement of Policy.—It should be the policy
of the United States Agency for International Develop-
ment to cooperate with Israel in order to advance common
goals across a wide variety of sectors, including energy,
agriculture and food security, democracy, human rights
and governance, economic growth and trade, education,
environment, global health and water and sanitation.
(b) Memorandum of Understanding.—The Administrator of the United States Agency for International Development is authorized to enter into memoranda of understanding with Israel in order to advance common goals on energy, agriculture and food security, democracy, human rights and governance, economic growth and trade, education, environment, global health and water sanitation with a focus on strengthening mutual ties and cooperation with nations throughout the world.

Sec. 204. Authority to Enter into a Cooperative Project Agreement with Israel to Counter Unmanned Aerial Vehicles That Threaten the United States or Israel.

(a) Findings.—Congress finds the following:

(1) On February 10, 2018, Iran launched an unmanned aerial vehicle (commonly known as a “drone”) from Syria that penetrated Israeli airspace.

(2) Israeli officials noted that the unmanned aerial vehicle was in Israeli airspace for a minute and a half before being shot down by the Israeli air force.
(3) Senior Israeli officials stated that the unmanned aerial vehicle was an advanced piece of technology.

(4) It remains unclear whether the unmanned aerial vehicle was armed. Nonetheless, the launch, and sophistication of the unmanned aerial vehicle, highlight the threat Israel faces from unmanned aerial vehicles from Iranian forces active in Syria and from Hezbollah in Lebanon.

(5) The United States likewise faces the threat of unmanned aerial vehicles along the United States border and in areas of active hostilities, including unmanned aerial vehicles of the Islamic State of Iraq and Syria (ISIS) in Iraq and Syria and unmanned aerial vehicles manufactured of al-Qaeda in Afghanistan.

(b) SENSE OF CONGRESS.—It is the sense of Congress that—

(1) joint research and development to counter unmanned aerial vehicles will serve the national security interests of the United States and Israel;

(2) Israel faces urgent and emerging threats from unmanned aerial vehicles and other unmanned aerial vehicles, launched from Lebanon by Hezbollah, from Syria by forces of Iran’s Revolu-
tionary Guard Corps, or from others seeking to at-
tack Israel; and

(3) the United States and Israel should con-
tinue to work together to defend against all threats
to the safety, security, and national interests of both
countries.

(c) AUTHORITY TO ENTER INTO AGREEMENT.—

(1) IN GENERAL.—The President is authorized
to enter into a cooperative project agreement with
Israel under the authority of section 27 of the Arms
Export Control Act (22 U.S.C. 2767) to carry out
research on and development, testing, evaluation,
and joint production (including follow-on support) of
defense articles and defense services to detect, track,
and destroy unmanned aerial vehicles that threaten
the United States or Israel.

(2) APPLICABLE REQUIREMENTS.—The cooper-
ative project agreement described in paragraph
(1)—

(A) shall provide that any activities carried
out pursuant to the agreement are subject to—

(i) the applicable requirements de-
scribed in subparagraphs (A), (B), and (C)
of section 27(b)(2) of the Arms Export
Control Act; and
(ii) any other applicable requirements of the Arms Export Control Act with respect to the use, transfers, and security of such defense articles and defense services under that Act; and

(B) shall establish a framework to negotiate the rights to intellectual property developed under the agreement.

**TITLE III—ENSURING ISRAEL’S QUALITATIVE MILITARY EDGE**

**SEC. 301. IMPROVED REPORTING ON ENHANCING ISRAEL’S QUALITATIVE MILITARY EDGE AND SECURITY POSTURE.**

Section 36(h)(2) of the Arms Export Control Act (22 U.S.C. 2776(h)(2)) is amended—

(1) in subparagraph (C), by striking “and” at the end;

(2) in subparagraph (D), by striking the period at the end and inserting “; and”; and

(3) by adding at the end the following:

“(E) an assessment of—

“(i) the ability of Israel to effectively defend itself against military threats from regional non-state actors;
“(ii) the risk that is posed by the sale or export of a subsequent unauthorized transfer or proliferation of the equipment for use against Israel;

“(iii) the range of cyber and asymmetric threats posed to Israel by state and non-state actors;

“(iv) the range of threats posed to Israel by state and non-state actors through the use of unmanned vehicles and systems, through air, land or water; and

“(v) the effective countermeasures available to Israel to defend against the risks and threats described in clauses (ii) through (iv).”.

SEC. 302. STATEMENT OF POLICY.

It is the policy of the United States to ensure that Israel maintains its ability to counter and defeat any credible conventional military or emerging threat from any individual state or possible coalition of states or from non-state actors, while sustaining minimal damages and casualties, through the use of superior military means, possessed in sufficient quantity, including weapons, command, control, communication, intelligence, surveillance, and reconnaissance capabilities that in their technical
characteristics are superior in capability to those of such other individual or possible coalition states or non-state 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:

See. 1. Short title and table of contents.
See. 2. Definition.

TITLE I—SECURITY ASSISTANCE FOR ISRAEL

See. 101. Findings.
See. 102. Statement of policy.
See. 103. Assistance for Israel.
See. 104. Joint assessment of quantity of precision guided munitions for use by
Israel.
See. 105. Transfer of precision guided munitions to Israel.
See. 106. Sense of Congress on rapid acquisition and deployment procedures.
See. 108. Eligibility of Israel for the strategic trade authorization exception to
certain export control licensing requirements.
See. 109. Extension of loan guarantees to Israel.

TITLE II—ENHANCED COOPERATION BETWEEN THE UNITED
STATES AND ISRAEL

See. 201. United States-Israel cybersecurity cooperation.
See. 203. United States Agency for International Development—Israel en-
hanced cooperation.
SEC. 2. DEFINITION.

In this Act, the term “appropriate congressional committees” means—

(1) the Committee on Foreign Affairs and the Committee on Armed Services of the House of Representatives; and

(2) the Committee on Foreign Relations and the Committee on Armed Services of the Senate.

TITLE I—SECURITY ASSISTANCE FOR ISRAEL

SEC. 101. FINDINGS.

Congress makes the following findings:

(1) In 1987, the United States granted Israel status as a “major non-NATO ally”, which was codified in law in 1996.

(2) On August 16, 2007, the United States and Israel signed a 10-year Memorandum of Understanding on United States military assistance to Israel, the total amount of military assistance over the course of this period would equal $30 billion.
(3) On July 27, 2012, the United States-Israel Enhanced Security Cooperation Act of 2012 (Public Law 112–150; 22 U.S.C. 8601 et seq.) declared it to be the policy of the United States “to help the Government of Israel preserve its qualitative military edge amid rapid and uncertain regional political transformation” and “provide the Government of Israel defense articles and services . . . to include air refueling tankers, missile defense capabilities, and specialized munitions”.

(4) On December 19, 2014, the President signed into law the United States-Israel Strategic Partnership Act of 2014 (Public Law 113–296) which stated the sense of Congress that Israel is a major strategic partner of the United States and declared it to be the policy of the United States “to continue to provide Israel with robust security assistance, including for the procurement of the Iron Dome Missile Defense System”.

(5) Section 1679 of the National Defense Authorization Act for Fiscal Year 2016 (Public Law 114–92; 129 Stat. 1135) authorized funds to be appropriated for Israeli cooperative missile defense program codevelopment and coproduction, including funds to be provided to the Government of Israel to
procure the David’s Sling weapon system and the Arrow 3 Upper Tier Interceptor Program.

(6) On September 13, 2016, the House of Represenatives passed, by a vote of 405 to 4, House Resolution 729, supporting the expeditious finalization of a new, robust, and long-term Memorandum of Understanding on military assistance to Israel between the United States Government and the Government of Israel.

(7) On September 14, 2016, the United States and Israel signed a 10-year Memorandum of Understanding reaffirming the importance of continuing annual United States military assistance to Israel and cooperative missile defense programs in a way that enhances Israel’s security and strengthens the bilateral relationship between the two countries.

(8) The 2016 Memorandum of Understanding reflected United States support of Foreign Military Financing (FMF) grant assistance to Israel over the 10-year period beginning in fiscal year 2019 and ending in fiscal year 2028. Such FMF grant assistance would equal $3.3 billion annually, totaling $33 billion.

(9) The 2016 Memorandum of Understanding also reflected United States support for funding for
cooperative programs to develop, produce, and procure missile, rocket and projectile defense capabilities over a 10-year period beginning in fiscal year 2019 and ending in fiscal year 2028 at a level of $500 million annually, totaling $5 billion.

SEC. 102. STATEMENT OF POLICY.

It is the policy of the United States to provide assistance to the Government of Israel in order to help enable Israel to defend itself by itself and develop long-term capacity, primarily through the acquisition of advanced capabilities that are available from the United States.

SEC. 103. ASSISTANCE FOR ISRAEL.

Section 513(c) of the Security Assistance Act of 2000 (Public Law 106-280; 114 Stat. 856) is amended—


(2) in paragraph (2), by striking “equal to—” and all that follows and inserting “not less than $3,300,000,000”; and

(3) in paragraph (3), by striking “Funds authorized” and all that follows through “later.” and inserting “Funds authorized to be available for Israel under subsection (b)(1) and paragraph (1) of this subsection for fiscal years 2019, 2020, 2021,
2022, and 2023 shall be disbursed not later than 30
days after the date of the enactment of an Act mak-
ing appropriations for the Department of State, for-
eign operations, and related programs for the re-
spective fiscal year, or October 31 of the respective
fiscal year, whichever is later.”.

SEC. 104. JOINT ASSESSMENT OF QUANTITY OF PRECISION

GUIDED MUNITIONS FOR USE BY ISRAEL.

(a) In General.—The President is authorized to
conduct a joint assessment with the Government of Israel
with respect to the matters described in subsection (b).

(b) Matters Described.—The matters described
in this subsection are the following:

(1) The quantity and type of precision guided
munitions that are necessary for Israel to defend
itself in the event of a sustained armed confronta-
tion that is possible in light of current trends and
instability in the Middle East.

(2) The resources the Government of Israel
would need to dedicate to acquire such precision
guided munitions.

(3) United States planning to assist Israel to
prepare for a sustained armed confrontation de-
scribed in paragraph (1) as well as the ability of the
United States to resupply Israel in the event of such
a confrontation.

(c) Report.—

(1) In General.—Not later than 15 days after
the date on which the joint assessment authorized
under subsection (a) is completed, the President
shall submit to the appropriate congressional com-
mittees a report that contains the joint assessment.

(2) Form.—The report required under para-
graph (1) shall be submitted in unclassified form,
but may contain a classified annex.

SEC. 105. TRANSFER OF PRECISION GUIDED MUNITIONS TO
ISRAEL.

(a) In General.—Notwithstanding section 514 of
the Foreign Assistance Act of 1961 (22 U.S.C. 2321h),
the President is authorized to—

(1) utilize the Special Defense Acquisition Fund
to transfer precision guided munitions and related
defense articles and services to reserve stocks for
Israel; and

(2) transfer such quantities of precision guided
munitions from reserve stocks for Israel as necessary
for legitimate self-defense and is otherwise con-
sistent with the purposes and conditions for such
transfers under the Arms Export Control Act.
(b) **Certification.**—Except in the case of an emergency, not later than 5 days before making a transfer under subsection (a), the President shall certify to the appropriate congressional committees that the transfer of the precision guided munitions—

1. (1) does not affect the ability of the United States to maintain a sufficient supply of precision guided munitions;
2. (2) does not harm the combat readiness of the United States or the ability of the United States to meet its commitment to allies for the transfer of such munitions; and
3. (3) is in the national security interest of the United States.

**Sec. 106. Sense of Congress on Rapid Acquisition and Deployment Procedures.**

It is the sense of Congress that the President should prescribe procedures for the rapid acquisition and deployment of precision guided munitions for United States counterterrorism missions, or to assist an ally of the United States, including Israel, that is subject to direct missile threat.
SEC. 107. EXTENSION OF WAR RESERVES STOCKPILE AUTHORITY.

(a) Department of Defense Appropriations Act, 2005.—Section 12001(d) of the Department of Defense Appropriations Act, 2005 (Public Law 108–287; 118 Stat. 1011) is amended by striking “2019” and inserting “2023”.


SEC. 108. ELIGIBILITY OF ISRAEL FOR THE STRATEGIC TRADE AUTHORIZATION EXCEPTION TO CERTAIN EXPORT CONTROL LICENSING REQUIREMENTS.

(a) Findings.—Congress finds the following:

(1) Israel has adopted high standards in the field of export controls.

(2) Israel has declared its unilateral adherence to the Missile Technology Control Regime, the Australia Group, and the Nuclear Suppliers Group.

(3) Israel is a party to—

(A) the Protocol for the Prohibition of the Use in War of Asphyxiating, Poisonous or
Other Gases, and of Bacteriological Methods of Warfare, signed at Geneva June 17, 1925; and
(B) the Convention on the Physical Protection of Nuclear Material, adopted at Vienna on October 26, 1979.

(4) Section 6(b) of the United States-Israel Strategic Partnership Act of 2014 (22 U.S.C. 8603 note) directs the President, consistent with the commitments of the United States under international agreements, to take steps so that Israel may be included in the list of countries eligible for the strategic trade authorization exception under section 740.20(c)(1) of title 15, Code of Federal Regulations, to the requirement for a license for the export, re-export, or in-country transfer of an item subject to controls under the Export Administration Regulations.

(5) As of December 27, 2017, the last publication of the license exceptions country list, Israel had not been included in the list of countries eligible for the strategic trade authorization exception under section 740.20(c)(1) of title 15, Code of Federal Regulations.

(b) REPORT ON ELIGIBILITY FOR STRATEGIC TRADE AUTHORIZATION EXCEPTION.—
11

(1) IN GENERAL.—Not later than 120 days
after the date of the enactment of this Act, the
President shall submit to the appropriate congres-
sional committees a report that describes the steps
taken pursuant to section 6(b) of the United States-
Israel Strategic Partnership Act of 2014 (22 U.S.C.
8603 note).

(2) FORM.—The report required under para-
graph (1) shall be provided in unclassified form, but
may contain a classified portion.

SEC. 109. EXTENSION OF LOAN GUARANTEES TO ISRAEL.

Chapter 5 of title I of the Emergency Wartime Sup-
plemental Appropriations Act, 2003 (Public Law 108–11;
117 Stat. 576) is amended under the heading “Loan
Guarantees to Israel”—

(1) in the matter preceding the first proviso, by
striking “September 30, 2019” and inserting “Sep-
tember 30, 2023”;

(2) in the second proviso, by striking “Sep-

tember 30, 2019” and inserting “September 30,

2023”.


TITLE II—ENHANCED COOPERATION BETWEEN THE UNITED STATES AND ISRAEL

SEC. 201. UNITED STATES-ISRAEL CYBERSECURITY CO-OPERATION.

(a) Grant Program.—

(1) Establishment.—The Secretary, in accordance with the agreement entitled the “Agreement between the Government of the United States of America and the Government of the State of Israel on Cooperation in Science and Technology for Homeland Security Matters”, dated May 29, 2008 (or successor agreement), and the requirements specified in paragraph (2), shall establish a grant program at the Department to support—

(A) cybersecurity research and development; and

(B) demonstration and commercialization of cybersecurity technology.

(2) Requirements.—

(A) Applicability.—Notwithstanding any other provision of law, in carrying out a research, development, demonstration, or commercial application program or activity that is authorized under this section, the Secretary
shall require cost sharing in accordance with
this paragraph.

(B) RESEARCH AND DEVELOPMENT.—

(i) IN GENERAL.—Except as provided
in clause (ii), the Secretary shall require
not less than 50 percent of the cost of a
research, development, demonstration, or
commercial application program or activity
described in subparagraph (A) to be pro-
vided by a non-Federal source.

(ii) REDUCTION.—The Secretary may
reduce or eliminate, on a case-by-case
basis, the percentage requirement specified
in clause (i) if the Secretary determines
that such reduction or elimination is nece-
nary and appropriate.

(C) MERIT REVIEW.—In carrying out a re-
search, development, demonstration, or com-
mercial application program or activity that is
authorized under this section, awards shall be
made only after an impartial review of the sci-
entific and technical merit of the proposals for
such awards has been carried out by or for the
Department.
(D) REVIEW PROCESSES.—In carrying out a review under subparagraph (C), the Secretary may use merit review processes developed under section 302(14) of the Homeland Security Act of 2002 (6 U.S.C. 182(14)).

(3) ELIGIBLE APPLICANTS.—An applicant shall be eligible to receive a grant under this subsection if the project of such applicant—

(A) addresses a requirement in the area of cybersecurity research or cybersecurity technology, as determined by the Secretary; and

(B) is a joint venture between—

(i)(I) a for-profit business entity, academic institution, National Laboratory (as defined in section 2 of the Energy Policy Act of 2005 (42 U.S.C. 15801)), or nonprofit entity in the United States; and

(II) a for-profit business entity, academic institution, or nonprofit entity in Israel; or

(ii)(I) the Federal Government; and

(II) the Government of Israel.

(4) APPLICATIONS.—To be eligible to receive a grant under this subsection, an applicant shall submit to the Secretary an application for such grant
in accordance with procedures established by the
Secretary, in consultation with the advisory board
established under paragraph (5).

(5) ADVISORY BOARD.—

(A) ESTABLISHMENT.—The Secretary
shall establish or designate an advisory board
to—

(i) monitor the method by which
grants are awarded under this subsection;
and

(ii) provide to the Secretary periodic
performance reviews of actions taken to
carry out this subsection.

(B) COMPOSITION.—An advisory board est-
established under subparagraph (A) shall be com-
posed of three members, to be appointed by the
Secretary, of whom—

(i) one shall be a representative of the
Federal Government;

(ii) one shall be selected from a list of
nominees provided by the United States-
Israel Binational Science Foundation; and

(iii) one shall be selected from a list
of nominees provided by the United States-
Israel Binational Industrial Research and Development Foundation.

(6) CONTRIBUTED FUNDS.—Notwithstanding any other provision of law, the Secretary may accept or retain funds contributed by any person, government entity, or organization for purposes of carrying out this subsection. Such funds shall be available, subject to appropriation, without fiscal year limitation.

(7) REPORT.—Not later than 180 days after the date of completion of a project for which a grant is provided under this subsection, the grant recipient shall submit to the Secretary a report that contains—

(A) a description of how the grant funds were used by the recipient; and

(B) an evaluation of the level of success of each project funded by the grant.

(8) CLASSIFICATION.—Grants shall be awarded under this subsection only for projects that are considered to be unclassified by both the United States and Israel.

(b) TERMINATION.—The grant program and an advisory board established under this section terminate on the
date that is 7 years after the date of the enactment of
this Act.

(c) No Additional Funds Authorized.—No addi-
tional funds are authorized to carry out the requirements
of this section. Such requirements shall be carried out
using amounts otherwise authorized.

(d) Definitions.—In this section—

(1) the term "cybersecurity research" means re-
search, including social science research, into ways
to identify, protect against, detect, respond to, and
recover from cybersecurity threats;

(2) the term "cybersecurity technology" means
technology intended to identify, protect against, de-
detect, respond to, and recover from cybersecurity
threats;

(3) the term "cybersecurity threat" has the
meaning given such term in section 102 of the Cy-
bersecurity Information Sharing Act of 2015 (en-
acted as title I of the Cybersecurity Act of 2015 (di-
vision N of the Consolidated Appropriations Act,
2016 (Public Law 114–113)));

(4) the term "Department" means the Depart-
ment of Homeland Security; and

(5) the term "Secretary" means the Secretary
SEC. 202. UNITED STATES-ISRAEL SPACE COOPERATION.

(a) FINDINGS.—The Congress finds that—

(1) authorized in 1958, the National Aeronautics and Space Administration (NASA) supports and coordinates United States Government research in aeronautics, human exploration and operations, science, and space technology;

(2) established in 1983, the Israel Space Agency (ISA) supports the growth of Israel’s space industry by supporting academic research, technological innovation, and educational activities;

(3) the mutual interest of the United States and Israel in space exploration affords both nations an opportunity to leverage their unique abilities to advance scientific discovery;

(4) in 1996, NASA and the ISA entered into their first agreement outlining areas of mutual cooperation, which remained in force until 2005;

(5) since 1996, NASA and the ISA have successfully cooperated on many space programs supporting the Global Positioning System and research related to the sun, earth science, and the environment;

(6) the bond between NASA and the ISA was permanently forged on February 1, 2003, with the loss of the crew of STS–107, including Israeli Astro-
naut Ilan Ramon and six United States citizen astronauts; and

(7) on October 13, 2015, the United States and Israel signed the Framework Agreement between the National Aeronautics and Space Administration of the United States of America and the Israel Space Agency for Cooperation in Aeronautics and the Exploration and Use of Airspace and Outer Space for Peaceful Purposes.

(b) CONTINUING COOPERATION.—The Administrator of the National Aeronautics and Space Administration should continue to work with the Israel Space Agency to identify and cooperatively pursue peaceful space exploration and science initiatives in areas of mutual interest, taking all appropriate measures to protect sensitive information, intellectual property, trade secrets, and economic interests of the United States.

SEC. 203. UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT—ISRAEL ENHANCED CO-OPERATION.

(a) STATEMENT OF POLICY.—It should be the policy of the United States to cooperate with Israel in order to advance common goals overseas across a wide variety of sectors, including energy, agriculture and food security, democracy, human rights and governance, economic
growth and trade, education, environment, global health, water, sanitation, and hygiene.

(b) MEMORANDUM OF UNDERSTANDING.—The Secretary of State, acting through the Administrator of the United States Agency for International Development in accordance with established procedures, is authorized to enter into memoranda of understanding with Israel in order to advance common goals on energy, agriculture and food security, democracy, human rights and governance, economic growth and trade, education, environment, global health, water, sanitation, and hygiene with a focus on strengthening mutual ties, international cooperation, stability, and security with other countries.

SEC. 204. AUTHORITY TO ENTER INTO A COOPERATIVE PROJECT AGREEMENT WITH ISRAEL TO COUNTER UNMANNED AERIAL VEHICLES THAT THREATEN THE UNITED STATES OR ISRAEL.

(a) Sense of Congress.—It is the sense of Congress that—

(1) joint research and development to counter unmanned aerial vehicles will serve the national security interests of the United States and Israel; and

(2) Israel faces urgent and emerging threats from unmanned aerial vehicles launched from Leb-
anon by Hezbollah, from Syria by forces of Iran’s Revolutionary Guard Corps, and from others seeking to attack Israel.

(b) Authority to Enter Into Agreement.—

(1) In General.—The President is authorized to enter into a cooperative project agreement with Israel under the authority of section 27 of the Arms Export Control Act (22 U.S.C. 2767) to carry out research on and development, testing, evaluation, and joint production (including follow-on support) of defense articles and defense services to detect, track, and destroy unmanned aerial vehicles that threaten the United States or Israel.

(2) Applicable Requirements.—The cooperative project agreement described in paragraph (1)—

(A) shall provide that any activities carried out pursuant to the agreement are subject to—

(i) the applicable requirements described in subparagraphs (A), (B), and (C) of section 27(b)(2) of the Arms Export Control Act; and

(ii) any other applicable requirements of the Arms Export Control Act with respect to the use, transfers, and security of
such defense articles and defense services
under that Act; and
(B) shall establish a framework to negoti-
tiate the rights to intellectual property devel-
oped under the agreement.

**TITLE III—ENSURING ISRAEL’S QUALITATIVE MILITARY EDGE**

**SEC. 301. STATEMENT OF POLICY.**

It is the policy of the United States to ensure that Israel maintains its ability to counter and defeat any credible conventional military or emerging threat from any individual state or possible coalition of states or from non-state actors, while sustaining minimal damages and casualties, through the use of superior military means, possessed in sufficient quantity, including weapons, command, control, communication, intelligence, surveillance, and reconnaissance capabilities that in their technical characteristics are superior in capability to those of such other individual or possible coalition states or non-state actors.

**SEC. 302. IMPROVED REPORTING ON ENHANCING ISRAEL’S QUALITATIVE MILITARY EDGE AND SECURITY POSTURE.**

(a) In General.—Section 201 of Public Law 110–429 (22 U.S.C. 2776 note) is amended—
(1) in the heading, by inserting “AND OTHER” after “OVER MILITARY”; and

(2) in subsection (a)—

(A) in the first sentence, by inserting “, to include regional non-state actors and asymmetric threats from state and non-state actors” after “over military threats to Israel,”; and

(B) by inserting after the first sentence, as so amended, the following new sentence: “The assessment required under this subsection shall also describe Israel’s ability to defend itself against cyber threats as well as armed autonomous and unmanned systems.”.

(b) INTERIM ASSESSMENT AND REPORT.—

(1) ASSESSMENT.—The President shall carry out an empirical and qualitative assessment of the extent to which Israel possesses a qualitative military edge over military threats to Israel, to include regional non-state actors and asymmetric threats from state and non-state actors. The assessment required under this subsection shall also describe Israel’s ability to defend itself against cyber threats as well as armed autonomous and unmanned systems.
(2) REPORT.—Not later than 180 days after
the date of the enactment of this Act, the President
shall submit to the appropriate congressional com-
mittees a report on the assessment required under
this subsection.

(3) DEFINITIONS.—In this subsection, the
terms "appropriate congressional committees" and
"qualitative military edge" have the meanings given
such terms in subsection (e) of section 201 of Public
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:

SEC. 2. REPORT ON POTENTIAL BENEFITS AND IMPACT
TO THE UNITED STATES OF ESTABLISHING A
JOINT UNITED STATES-ISRAEL CYBERSECURITY CENTER OF EXCELLENCE.

Not later than one year after the date of the enactment of this Act, the Secretary of State shall submit to the appropriate congressional committees a report examining the potential benefits and impact to the United States of establishing a joint United States-Israel Cybersecurity Center of Excellence based in the United States and Israel to leverage the experience, knowledge, and expertise of institutions of higher education (as such term is defined in subsection (a) or (b) of section 101 of the Higher Education Act of 1965 (20 U.S.C. 1001)), private sector entities, and government entities in the area of cybersecurity and protection of critical infrastructure (as such term is
defined in subsection (e) of section 1016 of the Critical Infrastructures Protection Act of 2001 (42 U.S.C. 5195c; enacted in title X of the USA PATRIOT Act (Public Law 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:

 SEC. 1. LAW ENFORCEMENT COOPERATION.
    (a) STATEMENT OF POLICY.—It shall be the policy of the United States to support bilateral training between United States and Israeli law enforcement personnel, for the purpose of sharing of best practices relating to antiterrorism, community policing, and managing mass casualties.
    (b) SENSE OF CONGRESS.—It is the sense of Congress that—
        (1) the United States supports the inclusion of Israel in the International Law Enforcement Academy in Europe; and
        (2) the Secretary of State should support projects in the Middle East through the International Narcotics Control and Law Enforcement 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
COOPERATION ON CYBERSECURITY.
2 (a) IN GENERAL.—Not later than 180 days after the
date of the enactment of this Act, the President shall
transmit to the Committee on Foreign Affairs of the
House of Representatives and the Committee on Foreign
Relations of the Senate a report on bilateral cybersecurity
cooperation between the United States and Israel, includ-
ing a description of activities conducted pursuant to the
June 21, 2016, cyber defense cooperation agreement, ac-
tivities conducted pursuant to the arrangement announced
on June 26, 2017, and the goals of such agreement and
arrangement.
(b) FORM.—The report required under subsection (a)
shall be provided in unclassified form, but may contain
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.

IN THE HOUSE OF REPRESENTATIVES

April 5, 2018

Mr. Ted Lieu of California (for himself and Mr. Yoho) introduced the following bill, which was referred to the Committee on Foreign Affairs.

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.

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 “Hack Your State Department Act”.

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SEC. 2. DEFINITIONS.

In this Act:

(1) **DEPARTMENT.**—The term “Department” means the Department of State.

(2) **INFORMATION TECHNOLOGY.**—The term “information technology” has the meaning given such term in section 11101 of title 40, United States Code.

(3) **SECRETARY.**—The term “Secretary” means the Secretary of State.

SEC. 3. DEPARTMENT OF STATE VULNERABILITY DISCLOSURE PROGRAM.

(a) In General.—Not later than 180 days after the date of the enactment of this Act, the Secretary shall design, establish, and make publicly known a Vulnerability Disclosure Program (VDP) to improve Department cybersecurity by—

(1) providing security researchers with clear guidelines for—

(A) conducting vulnerability discovery activities directed at Department information technology; and

(B) submitting discovered security vulnerabilities to the Department; and
(2) creating Department procedures and infrastructure to receive and fix discovered vulnerabilities.

(b) REQUIREMENTS.—In establishing the VDP pursuant to paragraph (1), the Secretary shall—

(1) identify which Department information technology should be included in the program;

(2) determine whether the program should differentiate among and specify the types of security vulnerabilities that may be targeted;

(3) provide a readily available means of reporting discovered security vulnerabilities and the form in which such vulnerabilities should be reported;

(4) identify which Department offices and positions will be responsible for receiving, prioritizing, and addressing security vulnerability disclosure reports;

(5) consult with the Attorney General regarding how to ensure that approved individuals, organizations, and companies that comply with the requirements of the program are protected from prosecution under section 1030 of title 18, United States Code, and similar provisions of law for specific activities authorized under the program;
(6) consult with the relevant offices at the Department of Defense that were responsible for launching the 2016 Vulnerability Disclosure Program, "Hack the Pentagon", and subsequent Department of Defense bug bounty programs;

(7) engage qualified interested persons, including nongovernmental sector representatives, about the structure of the program as constructive and to the extent practicable; and

(8) award a contract to an entity, as necessary, to manage the program and implement the remediation of discovered security vulnerabilities.

(c) ANNUAL REPORTS.—Not later than 180 days after the establishment of the VDP under subsection (a) and annually thereafter for the next six years, the Secretary of State shall submit to the Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate a report on the following with respect to the VDP:

(1) The number and severity, in accordance with the National Vulnerabilities Database of the National Institute of Standards and Technology, of security vulnerabilities reported.

(2) The number of previously unidentified security vulnerabilities remediated as a result.
(3) The current number of outstanding previously unidentified security vulnerabilities and Department of State remediation plans.

(4) The average length of time between the reporting of security vulnerabilities and remediation of such vulnerabilities.

(5) An estimate of the total cost savings of discovering and addressing security vulnerabilities submitted through the VDP.

(6) The resources, surge staffing, roles, and responsibilities within the Department used to implement the VDP and complete security vulnerability remediation.

(7) Any other information the Secretary determines relevant.

SEC. 4. DEPARTMENT OF STATE BUG BOUNTY PILOT PROGRAM.

(a) Establishment of Pilot Program.—

(1) In general.—Not later than one year after the date of the enactment of this Act, the Secretary shall establish a bug bounty pilot program to minimize security vulnerabilities of internet-facing information technology of the Department.
(2) REQUIREMENTS.—In establishing the pilot program described in paragraph (1), the Secretary shall—

(A) provide compensation for reports of previously unidentified security vulnerabilities within the websites, applications, and other internet-facing information technology of the Department that are accessible to the public;

(B) award a contract to an entity, as necessary, to manage such pilot program and for executing the remediation of security vulnerabilities identified pursuant to subparagraph (A);

(C) identify which Department information technology should be included in such pilot program;

(D) consult with the Attorney General on how to ensure that approved individuals, organizations, or companies that comply with the requirements of such pilot program are protected from prosecution under section 1030 of title 18, United States Code, and similar provisions of law for specific activities authorized under such pilot program;
(E) consult with the relevant offices at the Department of Defense that were responsible for launching the 2016 "Hack the Pentagon" pilot program and subsequent Department of Defense bug bounty programs;

(F) develop a process by which an approved individual, organization, or company can register with the entity referred to in subparagraph (B), submit to a background check as determined by the Department, and receive a determination as to eligibility for participation in such pilot program; and

(G) engage qualified interested persons, including nongovernmental sector representatives, about the structure of such pilot program as constructive and to the extent practicable.

(b) REPORT.—Not later than 90 days after the date on which the bug bounty pilot program under subsection (a) is completed, the Secretary shall submit to the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives a report on such pilot program, including information relating to—

(1) the number of approved individuals, organizations, or companies involved in such pilot pro-
gram, broken down by the number of approved indi-
viduals, organizations, or companies that—

(A) registered;

(B) were approved;

(C) submitted security vulnerabilities; and

(D) received compensation;

(2) the number and severity, in accordance with
the National Vulnerabilities Database of the Na-
tional Institute of Standards and Technology, of se-
curity vulnerabilities reported as part of such pilot
program;

(3) the number of previously unidentified secu-
ritv vulnerabilities remediated as a result of such
pilot program;

(4) the current number of outstanding pre-
viously unidentified security vulnerabilities and De-
partment remediation plans;

(5) the average length of time between the re-
porting of security vulnerabilities and remediation of
such vulnerabilities;

(6) the types of compensation provided under
such pilot program; and

(7) the lessons learned from such pilot pro-
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:

SECTION 1. SHORT TITLE.

This Act may be cited as the “Hack Your State Department Act”.

SEC. 2. DEFINITIONS.

In this Act:

(1) Bug bounty program.—The term “bug bounty program” means a program under which an approved individual, organization, or company is temporarily authorized to identify and report vulnerabilities of internet-facing information technology of the Department in exchange for compensation.

(2) Department.—The term “Department” means the Department of State.

(3) Information Technology.—The term “information technology” has the meaning given such term in section 11101 of title 40, United States Code.
(4) SECRETARY.—The term “Secretary” means the Secretary of State.

SEC. 3. DEPARTMENT OF STATE VULNERABILITY DISCLOSURE PROCESS.

(a) IN GENERAL.—Not later than 180 days after the date of the enactment of this Act, the Secretary shall design, establish, and make publicly known a Vulnerability Disclosure Process (VDP) to improve Department cybersecurity by—

(1) providing security researchers with clear guidelines for—

(A) conducting vulnerability discovery activities directed at Department information technology; and

(B) submitting discovered security vulnerabilities to the Department; and

(2) creating Department procedures and infrastructure to receive and fix discovered vulnerabilities.

(b) REQUIREMENTS.—In establishing the VDP pursuant to paragraph (1), the Secretary shall—

(1) identify which Department information technology should be included in the process;
(2) determine whether the process should differentiate among and specify the types of security vulnerabilities that may be targeted;

(3) provide a readily available means of reporting discovered security vulnerabilities and the form in which such vulnerabilities should be reported;

(4) identify which Department offices and positions will be responsible for receiving, prioritizing, and addressing security vulnerability disclosure reports;

(5) consult with the Attorney General regarding how to ensure that approved individuals, organizations, and companies that comply with the requirements of the process are protected from prosecution under section 1030 of title 18, United States Code, and similar provisions of law for specific activities authorized under the process;

(6) consult with the relevant offices at the Department of Defense that were responsible for launching the 2016 Vulnerability Disclosure Program, “Hack the Pentagon”, and subsequent Department of Defense bug bounty programs;

(7) engage qualified interested persons, including nongovernmental sector representatives, about
the structure of the process as constructive and to
the extent practicable; and

(8) award a contract to an entity, as necessary,
to manage the process and implement the remedi-
ation of discovered security vulnerabilities.

(c) ANNUAL REPORTS.—Not later than 180 days
after the establishment of the VDP under subsection (a)
and annually thereafter for the next six years, the Sec-
retary of State shall submit to the Committee on Foreign
Affairs of the House of Representatives and the Com-
mittee on Foreign Relations of the Senate a report on the
following with respect to the VDP:

(1) The number and severity, in accordance
with the National Vulnerabilities Database of the
National Institute of Standards and Technology, of
security vulnerabilities reported.

(2) The number of previously unidentified secu-

rity vulnerabilities remediated as a result.

(3) The current number of outstanding pre-

viously unidentified security vulnerabilities and De-
partment of State remediation plans.

(4) The average length of time between the re-
porting of security vulnerabilities and remediation of
such vulnerabilities.
(5) An estimate of the total cost savings of discovering and addressing security vulnerabilities submitted through the VDP.

(6) The resources, surge staffing, roles, and responsibilities within the Department used to implement the VDP and complete security vulnerability remediation.

(7) Any other information the Secretary determines relevant.

SEC. 4. DEPARTMENT OF STATE BUG BOUNTY PILOT PROGRAM.

(a) Establishment of Pilot Program.—

(1) In general.—Not later than one year after the date of the enactment of this Act, the Secretary shall establish a bug bounty pilot program to minimize security vulnerabilities of internet-facing information technology of the Department.

(2) Requirements.—In establishing the pilot program described in paragraph (1), the Secretary shall—

(A) provide compensation for reports of previously unidentified security vulnerabilities within the websites, applications, and other internet-facing information technology of the Department that are accessible to the public;
(B) award a contract to an entity, as necessary, to manage such pilot program and for executing the remediation of security vulnerabilities identified pursuant to subparagraph (A);

(C) identify which Department information technology should be included in such pilot program;

(D) consult with the Attorney General on how to ensure that approved individuals, organizations, or companies that comply with the requirements of such pilot program are protected from prosecution under section 1030 of title 18, United States Code, and similar provisions of law for specific activities authorized under such pilot program;

(E) consult with the relevant offices at the Department of Defense that were responsible for launching the 2016 “Hack the Pentagon” pilot program and subsequent Department of Defense bug bounty programs;

(F) develop a process by which an approved individual, organization, or company can register with the entity referred to in subparagraph (B), submit to a background check as de-
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termined by the Department, and receive a de-
termination as to eligibility for participation in
such pilot program;

(G) engage qualified interested persons, in-
cluding nongovernmental sector representatives,
about the structure of such pilot program as
constructive and to the extent practicable; and

(H) consult with relevant United States
Government officials to ensure that such pilot
program compliments persistent network and
vulnerability scans of the Department of State’s
internet-accessible systems, such as the scans
conducted pursuant to Binding Operational Di-
rective BOD-15-01.

(3) DURATION.—The pilot program established
under paragraph (1) should be short-term in dura-
tion and not last longer than one year.

(b) REPORT.—Not later than 180 days after the date
on which the bug bounty pilot program under subsection
(a) is completed, the Secretary shall submit to the Com-
mittee on Foreign Relations of the Senate and the Com-
mittee on Foreign Affairs of the House of Representatives
a report on such pilot program, including information re-
ating to—
8

(1) the number of approved individuals, organizations, or companies involved in such pilot program, broken down by the number of approved individuals, organizations, or companies that—

(A) registered;

(B) were approved;

(C) submitted security vulnerabilities; and

(D) received compensation;

(2) the number and severity, in accordance with the National Vulnerabilities Database of the National Institute of Standards and Technology, of security vulnerabilities reported as part of such pilot program;

(3) the number of previously unidentified security vulnerabilities remediated as a result of such pilot program;

(4) the current number of outstanding previously unidentified security vulnerabilities and Department remediation plans;

(5) the average length of time between the reporting of security vulnerabilities and remediation of such vulnerabilities;

(6) the types of compensation provided under such pilot program; and
(7) the lessons learned from such pilot program.

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.”.
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.

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

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.

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 "Energy Diplomacy Act of 2018".
SEC. 2. ENERGY DIPLOMACY AND SECURITY WITHIN THE DEPARTMENT OF STATE.

(a) In general.—Subsection (c) of section 1 of the State Department Basic Authorities Act of 1956 (22 U.S.C. 2651a) is amended—

(1) by redesignating paragraph (3) as paragraph (4); and

(2) by inserting after paragraph (2) the following new paragraph:

“(3) Energy resources.—

“(A) Authorization for Assistant Secretary.—Subject to the numerical limitation specified in paragraph (1), there is authorized to be established in the Department of State an Assistant Secretary of State for Energy Resources.

“(B) Personnel.—The Secretary of State shall ensure that there are sufficient personnel dedicated to energy matters within the Department of State who shall be responsible for—

“(i) formulating and implementing international policies aimed at protecting and advancing United States energy security interests by effectively managing United States bilateral and multilateral re-
lations in the fields of petroleum, natural gas, biofuels, renewable energy, nuclear, and other energy resources;

“(ii) ensuring that analyses of the national security implications of global energy and environmental developments are reflected in the decision making process within the Department of State;

“(iii) incorporating energy security priorities into the activities of the Department of State;

“(iv) coordinating energy activities of the Department of State with relevant Federal agencies;

“(v) working internationally to—

“(I) support the development of energy resources and the distribution of such resources for the benefit of the United States and United States allies and trading partners for their energy security and economic development needs;

“(II) promote availability of diversified energy supplies and a well-functioning global market for energy
resources, technologies, and expertise for the benefit of the United States and United States allies and trading partners;

“(III) resolve international disputes regarding the exploration, development, production, or distribution of energy resources;

“(IV) support the economic and commercial interests of United States persons operating in the energy markets of foreign countries; and

“(V) support and coordinate international efforts to alleviate energy poverty;

“(vi) leading the United States commitment to the Extractive Industries Transparency Initiative;

“(vii) coordinating within the Department of State and with relevant Federal departments and agencies on developing and implementing international energy-related sanctions; and

“(viii) coordinating energy security and other relevant functions within the De-
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department of State currently undertaken

by—

“(I) the Bureau of Economic and

Business Affairs of the Department of

State;

“(II) the Bureau of Oceans and

International Environmental and Sci-

entific Affairs of the Department of

State; and

“(III) other offices within the

Department of State.”.

(b) CONFORMING AMENDMENT.—Section 931 of the

Energy Independence and Security Act of 2007 (42

U.S.C. 17371) is amended—

(1) by striking subsections (a) and (b); and

(2) by redesignating subsections (c) and (d) as

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”.

☑
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.

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

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) Short Title.—This Act may be cited as the “International Security Assistance Act of 2018”.

(b) Table of Contents.—The table of contents for this Act is as follows:

See. 1. Short title; table of contents.

TITLE I—MILITARY ASSISTANCE
See. 101. Modification of purposes for which military sales by the United States are authorized.
See. 102. Return of defense articles.
See. 103. Requirements relating to exemptions for licensing of defense items.
See. 104. Amendment to general provisions.
See. 105. Technical amendments to Arms Export Control Act.
See. 106. Sense of Congress on licensing under United States arms export control programs.
See. 107. Coordination of export controls.
See. 108. Extension of war reserve stockpile authority.
See. 109. Peacekeeping operations and other national security programs.
See. 110. Other amendments to military assistance authorities.
See. 111. Transfer of excess naval vessel to Bahrain.

TITLE II—SECURITY ASSISTANCE REFORM

See. 201. List of priority countries for security assistance.
See. 203. Policies and guidance for regional bureaus of the Department of State.
See. 204. Office for Security Assistance in the Department of State.
See. 205. Database for security assistance.
See. 206. Notification of chief of mission concurrence for support of special operations to combat terrorism.
See. 207. Definitions.

TITLE III—MODIFICATIONS OF AUTHORITIES THAT PROVIDE FOR RESCISSION OF DETERMINATIONS OF COUNTRIES AS STATE SPONSORS OF TERRORISM

See. 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 MILITARY SALES BY THE UNITED STATES ARE AUTHORIZED.

3 Section 4 of the Arms Export Control Act (22 U.S.C. 2754) is amended in the first sentence by striking “internal security” and inserting “legitimate internal security (including for anti-terrorism purposes)”.

SEC. 102. RETURN OF DEFENSE ARTICLES.

Section 21(m)(1)(B) of the Arms Export Control Act (22 U.S.C. 2761(m)(1)(B)) is amended—
3

(1) by striking "(B) is not" and inserting

"(B)(i) is not";

(2) by striking "; and" and inserting "; or";

and

(3) by adding at the end the following:

"(ii) is significant military equipment (as
defined in section 47(9) of this Act) and the
Secretary of State has provided prior approval
of the return of such defense article from the
foreign country or international organization;
and".

SEC. 103. REQUIREMENTS RELATING TO EXEMPTIONS FOR

LICENSED OF DEFENSE ITEMS.

Section 38(j) of the Arms Export Control Act (22
U.S.C. 2778(j)) is amended—

(1) in the subsection heading—

(A) by striking "COUNTRY"; and

(B) by striking "TO FOREIGN COUN-

TRIES";

(2) in paragraph (1)(A)—

(A) in the matter preceding clause (i)—

(i) by striking "a foreign country"

and inserting "the North Atlantic Treaty

Organization, any member country of that
Organization, the Republic of Korea, Australia, New Zealand, Japan, or Israel”;

(ii) by inserting “(except that the President may not so exempt such Organization, member country, or other country that is not eligible to acquire defense items under any other provision of law)” after “with respect to exports of defense items”; and

(iii) by striking “the foreign country” and inserting “such Organization, member country, or other country”; (B) in clause (ii)—

(i) by striking “the foreign country” and inserting “such Organization, member country, or other country”; and

(ii) by striking “under their domestic laws”; (3) in paragraph (2)—

(A) in subparagraph (A)—

(i) in the matter preceding clause (i)—

(I) by striking “, at a minimum,”;
(II) by striking “the foreign country” and inserting “the Organization, member country, or other country referred to in paragraph (1)”;

(III) by striking “to revise its policies and practices, and promulgate or enact necessary modifications to its laws and regulations”;

(ii) in clause (i), by striking “the foreign country” and inserting “such Organization, member country, or other country”;

and

(iii) in clause (ii), by striking “retransfer control commitments, including securing” and inserting “retransfer controls that secure”;

(B) in subparagraph (B)—

(i) in the matter preceding clause (i)—

(I) by striking “, at a minimum,”;

(II) by striking “the foreign country” and inserting “the Organization, member country, or other country referred to in paragraph (1)”;

and
(III) by striking “to revise its policies and practices, and promulgate or enact necessary modifications to its laws and regulations”; and

(ii) in clause (iv), by striking “the foreign country” and inserting “the member country or other country”;

(4) in paragraph (3)—

(A) in the matter preceding subparagraph (A), by striking “a foreign country” and inserting “the Organization, member country, or other country referred to in paragraph (1)”;

(B) in subparagraph (A), by striking “that foreign country” and inserting “such Organization, member country, or other country”;

(C) in subparagraph (B)—

(i) by striking “the foreign country” and inserting “such Organization, member country, or other country”; and

(ii) by striking “has promulgated or enacted all necessary modifications to its laws and regulations to comply” and inserting “has taken such actions to comply”; and

(D) in subparagraph (C)—
(i) by striking “a foreign country” and inserting “such Organization, member country, or other country”; and

(ii) by striking “that country” and inserting “such Organization, member country, or other country”; and

(5) in paragraph (4)(A), by adding at the end before the period the following: “that are not significant military equipment, or otherwise classified under section 121.1 of title 22, Code of Federal Regulations, or contained on the list of items controlled for reasons of missile technology under section 71 of this Act”.

SEC. 104. AMENDMENT TO GENERAL PROVISIONS.

Section 42(a) of the Arms Export Control Act (22 U.S.C. 2791(a)) is amended in the first sentence by inserting “on a competitive basis” after “procurement in the United States”.

SEC. 105. TECHNICAL AMENDMENTS TO ARMS EXPORT CONTROL ACT.

(a) AMENDMENTS RELATING TO SALES FROM STOCKS.—Section 21(e)(3) of the Arms Export Control Act (22 U.S.C. 2761(e)(3)) is amended—

(1) in subparagraph (A)—
(A) in the matter preceding clause (i), by striking “North Atlantic Treaty Organization (NATO) Support Organization” and inserting “North Atlantic Treaty Organization (NATO) Support and Procurement Organization”; and

(B) in clause (i), by striking “support partnership agreement” and inserting “support or procurement partnership agreement”; and

(2) in subparagraph (C)(i), in the matter preceding subclause (I)—

(A) by striking “North Atlantic Treaty Organization (NATO) Support Organization” and inserting “North Atlantic Treaty Organization (NATO) Support and Procurement Organization”; and

(B) by striking “weapon system partnership agreement” and inserting “support or procurement partnership agreement”.

(b) AMENDMENTS RELATING TO REPORTS.—Section 36(b)(6) of the Arms Export Control Act (22 U.S.C. 2776(b)(6)) is amended by inserting “the North Atlantic Treaty Organization or” before “a member country”.
SEC. 106. SENSE OF CONGRESS ON LICENSING UNDER UNITED STATES ARMS EXPORT CONTROL PROGRAMS.

It is the sense of Congress that, in implementing reforms of United States arms export control programs, the President should prioritize the development of a new framework to improve and streamline licensing under such programs, including by seeking to revise the Special Comprehensive Export Authorizations for the North Atlantic Treaty Organization, any member country of that Organization, or any other country described in section 36(e)(2)(A) of the Arms Export Control Act (22 U.S.C. 2776(e)(2)(A)) under section 126.14 of title 15, Code of Federal Regulations (relating to the International Traffic in Arms Regulations).

SEC. 107. COORDINATION OF EXPORT CONTROLS.

(a) IN GENERAL.—The delegation of functions by the President under the Arms Export Control Act (22 U.S.C. 2751 et seq.) to the Secretary of State should be exercised in a manner so as to achieve effective coordination with the export authorities exercised by the heads of other Federal departments and agencies, particularly the Secretary of Commerce.

(b) SENSE OF CONGRESS.—

(1) IN GENERAL.—It is the sense of Congress that, in order to achieve the effective coordination
described in subsection (a), the Secretary of State
and the Secretary of Commerce should regularly
work to—

(A) reduce the complexity of the export
control authorities exercised by each Secretary;
and

(B) coordinate the exercise of such export
control authorities with respect to items de-
scribed in paragraph (2) in order to reduce as
much unnecessary administrative burden as
possible.

(2) ITEMS DESCRIBED.—The items described in
this paragraph are—

(A) items exported, reexported, or trans-
ferred to third parties;

(B) items exported, reexported, trans-
ferred, or returned to the United States in con-
nection with foreign military sales under chap-
ter 2 of the Arms Export Control Act (22
U.S.C. 2761 et seq.), including—

(i) defense articles that are not des-
ignated on the United States Munitions
List; and

(ii) items subject to the Export Ad-
ministration Regulations; and
(C) items designated on the United States Munitions List.

3 SEC. 108. EXTENSION OF WAR RESERVE STOCKPILE AUTHORITY.

(a) DEPARTMENT OF DEFENSE APPROPRIATIONS ACT, 2005.—Section 12001(d) of the Department of Defense Appropriations Act, 2005 (Public Law 108–287; 118 Stat. 1011) is amended by striking “2018” and inserting “2019”.

(b) STOCKPILING OF DEFENSE ARTICLES FOR FOREIGN COUNTRIES.—Section 514(b)(2)(A) of the Foreign Assistance Act of 1961 (22 U.S.C. 2321h(b)(2)(A)) is amended by striking “and 2018” and inserting “2018, and 2019”.

4 SEC. 109. PEACEKEEPING OPERATIONS AND OTHER NATIONAL SECURITY PROGRAMS.

(a) AUTHORITY.—

(1) IN GENERAL.—Section 551 of the Foreign Assistance Act of 1961 (22 U.S.C. 2348) is amended—

(A) in the first sentence, by striking “The President” and inserting “(a) The President”; and

(B) by adding at the end the following:
“(b) Assistance authorized to be appropriated under this chapter may also be used to provide assistance to enhance the capacity of foreign civilian security forces, including gendarmes, including to participate in peacekeeping operations.

“(c) Assistance authorized to be appropriated under this chapter to provide assistance to friendly countries for purposes other than support for multilateral peacekeeping operations shall be subject to the requirements of section 36 of the Arms Export Control Act (22 U.S.C. 2776).”.

(2) DISARMAMENT AND REINTEGRATION.—

(A) IN GENERAL.—Notwithstanding any other provision of law, funds authorized to be appropriated under any provision of law for peacekeeping operations may be made available to support programs to disarm, demobilize, and re integrate into civilian society former members of foreign terrorist organizations.

(B) CONSULTATION.—The Secretary of State shall consult with the appropriate congressional committees prior to obligating or expending funds pursuant to this any provision of law described in subparagraph (A).

(C) DEFINITION.—In this paragraph, the term “foreign terrorist organization” means an
organization designated as a terrorist organization under section 219(a) of the Immigration and Nationality Act (8 U.S.C. 1189(a)).

(c) Notification.—The Secretary of State shall notify the Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate at least 15 days prior to obligating funds under any provision of law for peacekeeping operations.

(d) Conforming Amendment.—The heading for chapter 6 of part II of the Foreign Assistance Act of 1961 (22 U.S.C. 2348 et seq.) is amended by adding at the end the following: “and other national security programs”.

SEC. 110. OTHER AMENDMENTS TO MILITARY ASSISTANCE AUTHORITIES.

The Foreign Assistance Act of 1961 is amended as follows:

(1) In section 506(b)(2) (22 U.S.C. 2318(b)(2)), by striking “a report” and inserting “a report on an annual basis”.

(2) In section 516 (22 U.S. C. 2321j)—

(A) in subsection (a), by striking “countries” and inserting “countries, regional organizations, and international organizations”;
14 (B) in subsection (b)(1)(E), by striking “countries” and inserting “countries, regional organizations, and international organizations”;
(C) in subsection (e)—
   (i) in paragraph (1), by striking “recipient country” and inserting “recipient country or organization”; and
   (ii) in paragraph (2), by striking “other countries” and inserting “other countries or organizations”;
(D) in subsection (f)(2)—
   (i) in subparagraph (A), by striking “country” and inserting “country or organization”; and
   (ii) in subparagraph (C), by striking “countries” and inserting “countries or organizations”; and
(E) in subsection (h), by striking “country” and inserting “country and organization”.
(3) In section 622(c) of the Foreign Assistance Act of 1961 (22 U.S.C. 2382(c)), by inserting “law enforcement and justice sector assistance,” before “military assistance,”.
(4) In section 656(a)(1) (22 U.S.C. 2416(a)(1)), by striking “January 31” and inserting “March 1”.

**SEC. 111. TRANSFER OF EXCESS NAVAL VESSEL TO BAHRAIN.**

(a) **TRANSFER BY SALE.**—The President is authorized to transfer to the Government of Bahrain the OLIVER HAZARD PERRY class guided missile frigate USS ROBERT G. BRADLEY (FFG–49) on a sale basis under section 21 of the Arms Export Control Act (22 U.S.C. 2761).

(b) **COSTS OF TRANSFER.**—Any expense incurred by the United States in connection with the transfer authorized by this section shall be charged to the Government of Bahrain notwithstanding section 516(e) of the Foreign Assistance Act of 1961 (22 U.S.C. 2321j(e)).

(c) **REPAIR AND REFURBISHMENT IN UNITED STATES SHIPYARDS.**—To the maximum extent practicable, the President shall require, as a condition of the transfer of a vessel under this section, that the Government of Bahrain have such repair or refurbishment of the vessel as is needed, before the vessel joins the naval forces of that country, performed at a shipyard located in the United States, including a United States Navy shipyard.
(d) Expiration of Authority.—The authority to transfer a vessel under this section shall expire at the end of the three-year period beginning on the date of the enactment of this Act.

**TITLE II—SECURITY ASSISTANCE REFORM**

SEC. 201. LIST OF PRIORITY COUNTRIES FOR SECURITY ASSISTANCE.

(a) Sense of Congress.—It is the sense of Congress that United States security assistance is a critically important tool of United States foreign policy and the Secretary of State, acting under the direction of the President, should set foreign security assistance policy priorities related to United States security assistance.

(b) List.—The Secretary of State, in consultation with the Secretary of Defense and the heads of other appropriate Federal departments and agencies, shall include in the annual congressional budget justification of the Department of State a list that—

(1) those foreign countries identified by the Secretary of State as priority countries to receive security assistance; and

(2) indicates for each country identified under paragraph (1) the policy objectives that the Sec-
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retary of State seeks to achieve with respect to the
provision of such assistance.

SEC. 202. COORDINATOR FOR SECURITY ASSISTANCE IN
PRIORITY COUNTRIES.
(a) IN GENERAL.—The Secretary of State shall des-
ignate an appropriately senior individual or individuals as-
signed to an appropriate diplomatic or consular post in
each foreign country identified on the list required under
section 201(b) to be responsible for—

(1) tracking, reporting on, and coordinating se-
curity assistance and related policy for the foreign
country; and

(2) assisting in and ensuring implementation of
section 620M of the Foreign Assistance Act of 1961
(22 U.S.C. 2378d) and section 362 of title 10,
United States Code.
(b) TRAINING.—

(1) IN GENERAL.—The Secretary of State shall
ensure that each individual designated under sub-
section (a) receives the specialized training described
in paragraph (2) to prepare such individual to carry
out the duties described in paragraphs (1) and (2)
of subsection (a).

(2) TRAINING DESCRIBED.—The Secretary of
State shall establish curriculum at the George P.
Schultz National Foreign Affairs Training Center to provide specialized training for individuals designated under subsection (a) to develop policy expertise relating to security assistance, including—

(A) awareness of the full range of agencies, offices, personnel, congressional authorities and funds, and programs involved in security assistance and the respective decision-making timelines;

(B) familiarity with models of military and police security force systems and basic knowledge of structures and forces of the region to which the individual is deployed; and

(C) familiarity with security assistance reform and United States interagency and external resources and experts.

(3) COORDINATION.—The curriculum established pursuant to paragraph (2) should be provided in coordination with the Defense Security Cooperation Agency’s Defense Institute of Security Cooperation Studies.

SEC. 203. POLICIES AND GUIDANCE FOR REGIONAL BUREAUS OF THE DEPARTMENT OF STATE.

(a) POLICIES AND GUIDANCE.—The Secretary of State shall establish policies and guidance for each re-
gional bureau of the Department of State to coordinate
security assistance and related policy for foreign countries
identified on the list required under section 201(b).

(b) COORDINATOR FOR REGIONAL BUREAU.—

(1) IN GENERAL.—The assistant secretary for
each regional bureau of the Department of State
should designate an individual who is an officer of
the regional bureau to be responsible for coordi-
nating security assistance and related policy within
the responsibilities of such regional bureau, includ-
ing the integration of the foreign security assistance
policy priorities established by the Secretary of
State, acting under the direction of the President.

(2) TRAINING.—The assistant secretary for
each regional bureau of the Department of State
should ensure that each individual designated under
paragraph (1) for such regional bureau receives the
specialized training described in section 2(b) to pre-
pare such individual to carry out the duties de-
scribed in paragraph (1).

SEC. 204. OFFICE FOR SECURITY ASSISTANCE IN THE DE-
PARTMENT OF STATE.

(a) DESIGNATION.—The Secretary of State shall des-
ignate an office in the Department of State, to be known
as the Office for Security Assistance, to serve as a central
coordinating point for security assistance.

(b) PERSONNEL.—The Office of Security Assistance
should include knowledgeable personnel who, as necessary,
are detailed from within the Department of State’s rel-
evant functional bureaus and personnel from the United
States Agency for International Development and other
relevant Federal departments and agencies.

(e) DUTIES.—The Office for Security Assistance
shall—

(1) create, respond to, and coordinate security
assistance strategies and plans, particularly in sup-
port of development of interagency country strate-
gies by United States embassies and regular plan-
ing by regional bureaus of the Department of
State;

(2) maintain awareness of security assistance
programs administered by the Department of State,
the United States Agency for International Develop-
ment, and other Federal departments and agencies,
including managing the Department of State’s re-
view and concurrence process under section 333 of
title 10, United States Code.
(3) convene appropriate offices and personnel required for working-level interagency coordination; and

(4) ensure awareness of and making use of best practices in the design, implementation, monitoring and evaluation of security assistance.

(d) EXCEPTION.—The requirements of this section shall not apply if the Secretary of State certifies to the Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate that the Department of State has established an alternative mechanism for the effective coordination of security assistance. Such certification shall describe such alternative mechanism to achieve the objectives described in this section.

SEC. 205. DATABASE FOR SECURITY ASSISTANCE.

(a) IN GENERAL.—The President should seek to ensure that the Department of State, the Department of Defense, and other appropriate Federal agencies are able to share a common database of information that permits the identification of security assistance programs and funding by country.

(b) GAO REPORT.—Not later than one year after the date of the enactment of this Act, the Comptroller General of the United States shall submit to the appropriate con-
gressional committees a report that assesses existing barriers to data sharing and exchanges that would assist in planning, assessing, and tracking security assistance.

SEC. 206. NOTIFICATION OF CHIEF OF MISSION CONCURRENCE FOR SUPPORT OF SPECIAL OPERATIONS TO COMBAT TERRORISM.

(a) IN GENERAL.—The Secretary of State shall provide to the Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate written notice when a chief of mission has exercised concurrence with respect to the exercise of authority to provide support of special operations to combat terrorism, including, at a minimum, identification of the relevant country.

(b) BRIEFINGS.—Upon the request of a committee specified in subsection (a), the Secretary of State shall provide to such committee a briefing regarding matters within the competence of the Department of State related to the concurrence described in such subsection.

SEC. 207. DEFINITIONS.

In this title:

(1) APPROPRIATE CONGRESSIONAL COMMITTEES.—The term “appropriate congressional committees” means—
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(A) means the Committee on Appropriations, the Committee on Armed Services, and the Committee on Foreign Affairs of the House of Representatives; and

(B) the Committee on Appropriations, the Committee on Armed Services, and the Committee on Foreign Relations of the Senate.

(2) SECURITY ASSISTANCE.—The term “security assistance” means—

(A) assistance under chapter 8 (relating to international narcotics control) of part I of the Foreign Assistance Act of 1961;

(B) assistance under chapter 2 (military assistance), chapter 5 (international military education and training), chapter 6 (peacekeeping operations), chapter 8 (antiterrorism assistance), and chapter 9 (nonproliferation and export control assistance) of part II of the Foreign Assistance Act of 1961;

(C) assistance under section 23 of the Arms Export Control Act (relating to the Foreign Military Financing program); or

(D) sales of defense articles or defense services, extensions of credits (including partici-
patents in credits), and guarantees of loans under the Arms Export Control Act.

**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.**

(a) **Prohibition on Assistance to Governments Supporting International Terrorism.**—Section 620A of the Foreign Assistance Act of 1961 (22 U.S.C. 2371) is amended—

(1) in subsection (c)(2)—

(A) in the matter preceding subparagraph (A), by striking “45 days” and inserting “90 days”; and

(B) in subparagraph (A), by striking “6-month period” and inserting “24-month period”;

(2) by redesignating subsection (d) as subsection (e);
(3) by inserting after subsection (c) the following:

“(d) DISAPPROVAL OF RESCISSION.—No rescission under subsection (c)(2) of a determination under subsection (a) with respect to the government of a country may be made if the Congress, within 90 days after receipt of a report under subsection (c)(2), enacts a joint resolution described in subsection (f)(2) of section 40 of the Arms Export Control Act with respect to a rescission under subsection (f)(1) of such section of a determination under subsection (d) of such section with respect to the government of such country.”;

(4) in subsection (e) (as redesignated), in the matter preceding paragraph (1), by striking “may be” and inserting “may, on a case-by-case basis, be”; and

(5) by adding at the end the following new subsection:

“(f) NOTIFICATION AND BRIEFING.—Not later than—

“(1) ten days after initiating a review of the activities of the government of the country concerned within the 24-month period referred to in subsection (c)(2)(A), the President, acting through the Secretary of State, shall notify the Committee on For-
eign Affairs of the House of Representatives and the
Committee on Foreign Relations of the Senate of
such initiation; and

“(2) 20 days after the notification described in
paragraph (1), the President, acting through the
Secretary of State, shall brief such committees on
the status of such review.”.

(b) ARMS EXPORT CONTROL ACT.—Section 40 of the
Arms Export Control Act (22 U.S.C. 2780) is amended—

(1) in subsection (f)—

(A) in paragraph (1)(B)—

(i) in the matter preceding clause (i),

by striking “45 days” and inserting “90
days”; and

(ii) in clause (i), by striking “6-month
period” and inserting “24-month period”;

and

(B) in paragraph (2)—

(i) in subparagraph (A), by striking

“45 days” and inserting “90 days”; and

(ii) in subparagraph (B), by striking

“45-day period” and inserting “90-day pe-
period”;
(2) in subsection (g), in the matter preceding paragraph (1), by striking "may waive" and inserting "may, on a case-by-case basis, waive";

(3) by redesignating subsection (l) as subsection (m); and

(4) by inserting after subsection (k) the following new subsection:

"(I) Notification and Briefing.—Not later than—

"(1) ten days after initiating a review of the activities of the government of the country concerned within the 24-month period referred to in subsection (f)(1)(B)(i), the President, acting through the Secretary of State, shall notify the Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate of such initiation; and

"(2) 20 days after the notification described in paragraph (1), the President, acting through the Secretary of State, shall brief such committees on 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:

SEC. ___. APPLICATION AND ADMINISTRATION OF CERTAIN EXPORT LAWS TO COUNTRIES DESIGNATED AS MAJOR DEFENSE PARTNERS OF THE UNITED STATES.

(a) IN GENERAL.—The President may, for the period described in subsection (c), include countries designated as major defense partners of the United States as a country listed in the provisions of law described in subsection (b) for the purposes of applying and administering such provisions of law, if the President notifies the appropriate congressional committees in writing at least 30 days before so including a major defense partner as such country for such purposes.

(b) PROVISIONS OF LAW.—The provisions of law described in this subsection are—

(1) subsections (b)(2), (d)(2)(B), (d)(3)(A)(i), and (d)(5) of section 3 of the Arms Export Control Act (22 U.S.C. 2753);

(2) subsections (e)(2)(A), (h)(1)(A), and (h)(2) of section 21 of such Act (22 U.S.C. 2761);
(3) subsections (b)(1), (b)(2), (b)(6), (c)(2)(A), and (d)(2)(A) of section 36 of such Act (22 U.S.C. 2776);

(4) section 62(c)(1) of such Act (22 U.S.C. 2796a(c)(1)); and

(5) section 63(a)(2) of such Act (22 U.S.C. 2796b(a)(2)).

(c) PERIOD OF APPLICATION.—Countries designated as major defense partners may be included in the list of countries described in subsection (b) for a period of not more than 5 years. Such period may be renewed for one or more subsequent periods of not more than 5 years if the President determines, with respect to each such renewal, that it is in the national interest of the United States to renew such period and notifies the appropriate congressional committees of such determination before the 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 (1) and (5), respectively; and

(2) insert after paragraph (2) the following new paragraph:

(3) In section 620M (22 U.S.C. 2378d)—

(A) in subsection (d)(7), by striking “to the maximum extent practicable” and inserting “unless such disclosure would endanger the safety of human sources or reveal sensitive intelligence sources and methods”; and

(B) by adding at the end the following new subsection:

“(e) REPORT.—

“(1) IN GENERAL.—Not later than January 31 of each year, the Secretary of State shall submit to the Committee on Foreign Relations of the Senate, the Committee on Foreign Affairs of the House of Representatives, and the Committees on Appropriations, a report on the vetting process of units of se-
(2) Matters to be included—The report required under paragraph (1) shall include the fol-
lowing:

(A) The total number of units submitted for vetting during the prior calendar year and the
number of such units that were approved, suspended, or rejected for human rights rea-
sons.

(B) The name of such units rejected during the prior calendar year and a description of
the steps taken to assist the government of the foreign country in bringing the responsible
members of such units to justice, in accordance with subsection (c).

(C) An updated list of the units with respect to which no assistance is to be furnished
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(e), strike “Office for Security Assistance shall” and insert “coordination group should”.

In section 204(e)(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 Military Expenditures and Arms Transfers.—Section 404 of the Arms Control and Disarmament Act (22 U.S.C. 2593b) is hereby repealed.
3 (b) Repeal of Annual Report Relating to the Commission on Security and Cooperation in Europe.—Section 5 of the Act entitled “An Act to establish a Commission on Security and Cooperation in Europe” (22 U.S.C. 3005) is hereby repealed.
5 (1) by striking subsection (b); and
6 (2) by redesignating subsection (c) as subsection (b).
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”.
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SEC. 2. GLOBAL ENGAGEMENT CENTER.

Section 1287 of the National Defense Authorization Act for Fiscal Year 2017 (22 U.S.C. 2656 note) is amended—

(1) by amending paragraph (2) of subsection (a) to read as follows:

“(2) PURPOSE.—The purpose of the Center shall be to direct, lead, synchronize, integrate, and coordinate efforts of the Federal Government to recognize, understand, expose, and counter foreign state and non-state propaganda and disinformation efforts aimed at undermining or influencing the policies, security, or stability of the United States and United States allies and partner nations.”;

(2) in subsection (b)—

(A) by amending paragraph (1) to read as follows:

“(1) Direct, lead, synchronize, integrate, and coordinate interagency and international efforts to track and evaluate counterfactual narratives abroad that threaten the policies, security, or stability of the United States and United States allies and partner nations.”;

(B) by amending paragraph (4) to read as follows:
“(4) Identify current and emerging trends in foreign propaganda and disinformation in order to coordinate and shape the development of tactics, techniques, and procedures to expose and refute foreign propaganda and disinformation, and proactively support the promotion of credible, fact-based narratives and policies to audiences outside the United States.”;

(C) by redesignating paragraphs (6) through (10) as paragraphs (7) through (11), respectively;

(D) by inserting after paragraph (5) the following new paragraph:

“(6) Measure and evaluate the activities of the Center, including the outcomes of such activities, and implement mechanisms to ensure activities of the Center are updated to reflect the results of such measurement and evaluation.”; and

(E) by amending paragraph (8), as so redesignated, to read as follows:

“(8) Utilize information from appropriate interagency entities to identify the countries, geographic areas, and populations most susceptible to propaganda and disinformation, as well as the countries, geographic areas, and populations in which such
propaganda and disinformation is likely to cause the most harm.”;

(3) in subsection (d), by amending paragraphs (1) and (2) to read as follows:

“(1) DETAILLEES AND ASSIGNEES.—Any Federal Government employee may be detailed or assigned to the Center with or without reimbursement, consistent with applicable laws and regulations regarding such employee, and such detail or assignment shall be without interruption or loss of status or privilege.

“(2) OTHER PERSONNEL.—The Secretary of State should, when hiring additional United States citizen personnel, preference use of Foreign Service limited appointments in accordance with section 309 of the Foreign Service Act of 1980 (22 U.S.C. 3949). The Secretary may hire United States citizens or aliens, as appropriate, including as personal services contractors, for purposes of personnel resources of the Center, if—

“(A) the Secretary determines that existing personnel resources or expertise are insufficient;

“(B) the period in which services are provided by a personal services contractor, includ-
ing options, does not exceed 3 years, unless the
Secretary determines that exceptional cir-
cumstances justify an extension of up to one
additional year;

“(C) not more than 50 United States citi-
zens or aliens are employed as personal services
contractors under the authority of this para-
graph at any time; and

“(D) the authority of this paragraph is
only used to obtain specialized skills or experi-
ence or to respond to urgent needs.”;

(4) in subsection (e), by amending paragraph
(2) to read as follows:

“(2) NOTICE REQUIREMENT.—The Secretary of
Defense shall notify the Committee on Armed Serv-
ices, the Committee on Appropriations, and the
Committee on Foreign Affairs of the House of Rep-
resentatives, and the Committee on Armed Services,
the Committee on Appropriations, and the Com-
mittee on Foreign Relations of the Senate of a pro-
posed transfer under paragraph (1) not less than 15
days prior to making such transfer.”;

(5) in subsection (f), by amending paragraphs
(1) and (2) to read as follows:
“(1) AUTHORITY FOR GRANTS.—The Center is authorized to provide grants or contracts of financial support to civil society groups, media content providers, nongovernmental organizations, federally funded research and development centers, private companies, or academic institutions for the following purposes:

“(A) To support local entities and linkages among such entities, including independent media entities, that are best positioned to refute foreign propaganda and disinformation in affected communities.

“(B) To collect and store in print, online, and social media examples of disinformation and propaganda directed at the United States and United States allies and partner nations.

“(C) To analyze and report on tactics, techniques, and procedures of foreign information warfare and other efforts with respect to disinformation and propaganda.

“(D) To support efforts by the Center to counter efforts by foreign entities to use disinformation and propaganda to undermine or influence the policies, security, and social and
political stability of the United States and
United States allies and partner nations.

“(2) FUNDING AVAILABILITY AND LIMITA-
tions.—The Secretary of State shall provide that
each entity that receives funds under this subsection
is selected in accordance with the relevant existing
regulations through a process that ensures such en-
tity has the credibility and capability to carry out ef-
fectively and in accordance with United States inter-
ests and objectives the purposes specified in para-
graph (1) for which such entity received such fund-
ing.”;

(6) by redesignating subsections (h) and (i) as
subsections (i) and (j), respectively; and

(7) by inserting after subsection (g) the fol-
lowing new subsection:

“(h) CONGRESSIONAL BRIEFINGS.—The Secretary of
State, together with the heads of other relevant Federal
departments and agencies, shall provide a briefing to the
Committee on Foreign Affairs and the Committee on
Armed Services of the House of Representatives and the
Committee on Foreign Relations and the Committee on
Armed Services of the Senate not less often than annually
regarding the activities of the Global Engagement Center.
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1 The briefings required under this subsection shall terminate on the date specified in subsection (j).".
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 Schnei- der 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.

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 helped 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.

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 terrorist groups 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 now 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 entrepre-

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 commend—represents 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. Alarmingly, 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-
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 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 under-
gird 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 iron-
ically, 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 Na-
tion. 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 mem-
ber, and my colleagues. It is indeed a delight to come into this com-
mittee 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 rank-
ing 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 Assist-
ant 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 sev-
eral that stand out where this consideration would be very impor-
tant, supporting the development of energy resources for the ben-
et 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 De-
partment.

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 Schnei-
der 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.]
APPENDIX

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. 5433, Hack Your State Department Act;
H.R. 5535, Energy Diplomacy Act of 2018;
H.R. 5677, International Security Assistance Act of 2018; and

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 202-225-9207 at least four business days in advance of the event, whenever practicable. Questions with regard to special accommodations or general accessibility of Committee materials in alternative formats and assistive listening devices may be directed to the Committee.
COMMITTEE ON FOREIGN AFFAIRS
MINUTES OF FULL COMMITTEE MARKUP

Day       Wednesday      Date   05/09/2018      Room   2172
Starting Time  10:08AM     Ending Time  11:34AM
Recesses  

Presiding Member(s)
Chairman Edward R. Royce
Representative Earsa Lou-Lathnon

Check all of the following that apply:
Open Session  ☑  Electronically Recorded (taped)  ☑  Stenographic Record  ☑  Televised
Executive (closed) Session

BILLS FOR MARKUP: (Include bill number(s) and title(s) of legislation.)
See attached.

COMMITTEE MEMBERS PRESENT:
See attached.

NON-COMMITTEE MEMBERS PRESENT:
N/A

STATEMENTS FOR THE RECORD: (List any statements submitted for the record.)
N/A

ACTIONS TAKEN DURING THE MARKUP: (Attach copies of legislation and amendments.)
See markup summary.

RECORDED VOTES TAKEN (FOR MARKUP): (Attach final vote tally sheet listing each member.)

Subject

Year
Nays
Present
Not Voting

TIME SCHEDULED TO RECONVENE or
TIME ADJOURNED 11:34AM

Full Committee Hearing Coordinator
# HOUSE COMMITTEE ON FOREIGN AFFAIRS

## FULL COMMITTEE Markup

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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. Loeu 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.