

OVERSEAS PRIVATE INVESTMENT CORPORATION
AMENDMENTS ACT OF 2003

NOVEMBER 4, 2003.—Committed to the Committee of the Whole House on the State
of the Union and ordered to be printed

Mr. HYDE, from the Committee on International Relations,
submitted the following

R E P O R T

[To accompany H.R. 3145]

[Including cost estimate of the Congressional Budget Office]

The Committee on International Relations, to whom was referred the bill (H.R. 3145) to amend the Foreign Assistance Act of 1961 to reauthorize the Overseas Private Investment Corporation, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the “Overseas Private Investment Corporation Amendments Act of 2003”.

SEC. 2. ISSUING AUTHORITY.

Section 235(a)(2) of the Foreign Assistance Act of 1961 (22 U.S.C. 2195(a)(2)) is amended by striking “November 1, 2000” and inserting “2007”.

SEC. 3. TECHNICAL CORRECTIONS.

(a) **ADMINISTRATIVE COSTS.**—Section 235(a)(1)(B) of the Foreign Assistance Act of 1961 (22 U.S.C. 2195(a)(1)(B)) is amended by striking “subsidy cost” and inserting “subsidy and administrative costs”.

(b) **NONCREDIT ACCOUNT REVOLVING FUND.**—Section 235(c) of the Foreign Assistance Act of 1961 (22 U.S.C. 2195(c)) is amended—

(1) in the first sentence—

(A) by striking “an insurance and guaranty fund, which shall have separate accounts to be known as the Insurance Reserve and the Guaranty Reserve, which reserves” and inserting “a noncredit account revolving fund, which”; and

(B) by striking “such reserves have” and inserting “of the fund has”;

(2) by striking the third sentence; and

(3) in the last sentence, by striking “reserves” and inserting “fund”.

(c) **PAYMENTS TO DISCHARGE LIABILITIES.**—Section 235(d) of the Foreign Assistance Act of 1961 (22 U.S.C. 2195(d)) is amended—

(1) in the first sentence, by striking “Insurance Reserve, as long as such reserve” and inserting “noncredit account revolving fund, as long as such fund”; and

(2) in the second sentence, by striking “or under similar predecessor guaranty authority” and all that follows through “subsection (f) of this section” and inserting “or 234(c) shall be paid in accordance with the Federal Credit Reform Act of 1990”.

(d) **AUTHORIZATION OF APPROPRIATIONS.**—Section 235(f) of the Foreign Assistance Act of 1961 (22 U.S.C. 2195(f)) is amended—

(1) in the first sentence, by striking “insurance and guaranty fund” and inserting “noncredit account revolving fund”; and

(2) by striking “Insurance Reserve” each place it appears and inserting “noncredit account revolving fund”.

(e) **BOARD OF DIRECTORS.**—Section 233(b) of the Foreign Assistance Act of 1961 (22 U.S.C. 2193(b)) is amended in the second paragraph—

(1) by striking “officials” and inserting “principal officers”;

(2) by inserting “whose duties relate to the programs of the Corporation” after “Government of the United States”; and

(3) by striking “an official” and inserting “one such officer”.

SEC. 4. INVESTMENT INSURANCE.

(a) **EXPROPRIATION OR CONFISCATION.**—Section 234(a)(1)(B) of the Foreign Assistance Act of 1961 (22 U.S.C. 2194(a)(1)(B)) is amended by inserting “or any political subdivision thereof” after “government”.

(b) **DEFINITION OF EXPROPRIATION.**—Section 238(b) of the Foreign Assistance Act of 1961 (22 U.S.C. 2198(b)) is amended by inserting “, a political subdivision of a foreign government, or a corporation owned or controlled by a foreign government,” after “government”.

SEC. 5. LOCAL CURRENCY GUARANTY.

(a) **LOCAL CURRENCY GUARANTY.**—Section 234 of the Foreign Assistance Act of 1961 (22 U.S.C. 2194) is amended by adding at the end the following:

“(h) **LOCAL CURRENCY GUARANTIES FOR ELIGIBLE INVESTORS.**—To issue to—

“(1) eligible investors, or

“(2) local financial institutions,

guaranties, denominated in currencies other than United States dollars, of loans and other investments made to projects sponsored by or significantly involving eligible investors, assuring against loss due to such risks and upon such terms and conditions as the Corporation may determine, for projects that the Corporation determines to have significant developmental effects or as the Corporation determines to be necessary or appropriate to carry out the purposes of this title.”.

(b) **DEFINITION OF LOCAL FINANCIAL INSTITUTION.**—Section 238 of the Foreign Assistance Act of 1961 (22 U.S.C. 2198) is amended—

(1) in subsection (d), by striking “and” after the semicolon;

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

(3) by adding at the end the following:

“(g) the term ‘local financial institution’—

“(1) means any bank or financial institution that is organized under the laws of any country or area in which the Corporation operates; but

“(2) does not include a branch, however organized, of a bank or other financial institution that is organized under the laws of a country in which the Corporation does not operate.”.

SEC. 6. OUTREACH TO MINORITY- AND WOMEN-OWNED BUSINESSES.

(a) **IN GENERAL.**—Section 240 of the Foreign Assistance Act of 1961 (22 U.S.C. 2200) is amended—

(1) in the first sentence, by striking “The Corporation” and inserting

“(a) **IN GENERAL.**—The Corporation”; and

(2) by adding at the end the following:

“(b) **OUTREACH TO MINORITY-OWNED AND WOMEN-OWNED BUSINESSES.**—The Corporation shall collect data on the involvement of minority- and women-owned businesses in projects supported by the Corporation, including—

“(1) the amount of insurance and financing provided by the Corporation to such businesses in connection with projects supported by the Corporation; and

“(2) to the extent such information is available, the involvement of such businesses in procurement activities conducted or supported by the Corporation.

The Corporation shall include, in its annual report submitted to the Congress under section 240A, the aggregate data collected under this paragraph, in such form as to quantify the effectiveness of the Corporation's outreach activities to minority- and women-owned businesses."

PURPOSE AND SUMMARY

The bill reauthorizes the Overseas Private Investment Corporation through September 30, 2007, makes several technical and perfecting amendments to its underlying statute, provides the Corporation with modest enhancements in its investment insurance and local currency guaranty programs and directs the Corporation to collect data on the amount of insurance and financing provided to minority and women-owned businesses. OPIC's authorization expired on September 30, 2003, and has been extended through October in the continuing resolution.

OPIC is a self-sustaining, independent government agency providing political risk insurance and project finance to U.S. businesses in over 150 emerging markets and developing countries. Its operations and activities have supported over 250,000 U.S. jobs and produced \$64 billion of U.S. exports while generating \$4.4 billion in reserves. Over the past 30 years, it has created close to 670,000 host country jobs and supported \$145 billion of investments overseas. Nearly 70 percent of suppliers to OPIC-backed projects are U.S. small businesses.

BACKGROUND AND NEED FOR THE LEGISLATION

OPIC's programs grew out of the Marshall Plan, which enlisted private sector investment to assist in rebuilding war-torn Europe after World War II. In 1971, OPIC was established as an independent government corporation by Congress to help American businesses compete overseas and to promote economic development in key host countries.

Over the past several years, OPIC Chairman and CEO Peter Watson has focused his agency's programs and activities on helping to rebuild the economies of front-line states such as Afghanistan, Pakistan and potentially in Iraq, where the Administration is seeking authority to operate its programs and fund(s). He is also to be commended for his efforts to refocus OPIC on the Administration's overall development priorities, particularly in sub-Saharan Africa where new project approvals over the past two years now amount to \$750 million. They are focused on the housing and health sectors, promoting projects and activities in South Africa that meet the challenges of HIV/AIDS, and providing clean drinking water to countries in West and East Africa.

OPIC and its outreach efforts—The Committee commends the recent efforts of OPIC to outreach to NGOs and the labor community on issues relating to accountability, transparency, environmental and labor standards, human rights and corruption. The Committee expects OPIC to continue a regular dialogue with all stakeholders and the goal of making reforms and process improvements with respect to issues such as accountability, transparency, environmental, social/labor and worker rights protections.

OPIC and an accountability mechanism and a transparency initiative—The Committee is aware of the establishment in recent years of various mechanisms within multilateral and bilateral fi-

nancial and export-promotion institutions to increase accountability and transparency of those institutions. These institutions include: the World Bank, the International Finance Corporation, the Asian Development Bank, the Inter-American Development Bank, the Multilateral Investment Guarantee Agency, the European Bank for Reconstruction and Development, the International Monetary Fund, the Export Development Corporation of Canada, and the Japan Bank for International Cooperation. The Committee encourages OPIC to follow the example of the best practices of these institutions and work with all stakeholders to establish an accountability mechanism and continue its “transparency initiative.”

An accountability mechanism should: evaluate and report on OPIC compliance with environmental, social, labor, human rights, and transparency standards consistent with OPIC statutory mandates; provide a forum for resolving concerns regarding the impacts of specific OPIC-supported projects with respect to such issues; and provide advice regarding OPIC projects, policies and practices. Such a mechanism should also: be transparent in its operations and outputs, and be responsive to stakeholders’ considerations on environmental and social concerns, including labor, human rights and corruption concerns; be accessible to project-affected parties; and insure the independence and integrity of the evaluations and advice provided by the accountability mechanism. With respect to the independence of the accountability mechanism, the Committee urges the Corporation to follow the model of several international financial institutions by providing the mechanism the ability to report directly to the Corporation’s Board of Directors.

The Committee commends OPIC’s efforts to convene a dialogue with stakeholders on a transparency initiative and encourages OPIC to continue this dialogue. The Committee believes a transparency initiative should heighten transparency and information disclosure concerning OPIC’s projects and internal mechanisms, consistent with existing statutes and laws. Interested stakeholders, including NGOs, environmental and labor organizations, and the business/investor community, should play an active role in this process and provide recommendations on how it should be used to strengthen OPIC’s programs and policies.

The Committee will use its oversight function to monitor OPIC’s performance and progress toward achieving these goals, and expects a fulsome briefing by OPIC on such progress and performance six months after enactment of this Act, and annually thereafter for the duration of the authorization contained in this bill.

OPIC and labor rights—While our overall policy toward internationally recognized worker rights needs to be debated and shaped in other fora and by committees with jurisdiction over our principal trade policy agency, the Committee recognizes that OPIC has its own statutory obligations which must be fully implemented.

The Committee also commends the efforts of OPIC in ensuring that there are no losses of U.S. jobs as a result of OPIC-supported projects. OPIC should continue to work, in consultation with all its stakeholders, to ensure that: OPIC-supported projects do not result in significant job loss or substantially reduce positive trade benefits for the U.S.; investors provide detailed information on jobs created or supported by an OPIC-supported project; due diligence, reporting, and monitoring procedures provide detailed, accurate and

timely information on U.S. effects; and enforcement procedures are comprehensive, effective, and transparent.

The Committee will use its oversight function to monitor OPIC's performance and progress toward achieving these goals and expects a fulsome briefing by OPIC on such progress and performance six months after enactment of this Act, and annually thereafter for the duration of the authorization contained in this bill.

OPIC and the Baku-Tblisi-Ceyhan Pipeline—The Committee understands that OPIC has under consideration an application for political risk insurance in connection with construction of the so-called Baku-Tblisi-Ceyhan pipeline, which is planned to carry Caspian oil from the eastern Azerbaijani port of Baku to the Turkish Mediterranean port of Ceyhan, through parts of the Republic of Georgia. This pipeline route has the advantage of bringing Caspian oil to market without having to rely on Iran's cooperation or providing that country with significant economic benefit. It also avoids further congestion in the Turkish Straits.

The diversification of energy sources is imperative to U.S. national security interests. Indeed, the development of energy resources in previously under-developed or undeveloped regions has the potential to serve not only as an important means of providing the U.S. with alternative sources of fuel, but also as a means of engagement on environmental, rule-of-law, transparency, and social development issues.

OPIC and minority-business outreach—The Committee commends OPIC for its minority-owned business outreach efforts and encourages the Corporation to continue its activities and to work with other U.S. Government trade, development and finance agencies in promoting economic opportunities for small and minority-owned businesses in developing countries.

OPIC and small business—The Committee commends OPIC's efforts in support of U.S. Small- and Medium-sized Enterprises (SMEs). The Committee notes that many of these firms, particularly those with annual revenues of less than \$35 million, could substantially increase their exports to the extent that they secure access to OPIC financing and investment support. The Committee is supportive of recent efforts by the Corporation to establish a Small Business Center, to create a Small Business Initiative in coordination with the Small Business Administration, to launch a SME shared-risk loan guaranty program in partnership with the private sector, and to create a new Small and Medium Enterprise Department to implement and oversee SME activities.

HEARINGS

The Committee held a hearing on H.R. 3145 on June 10, 2003. Testimony was received from: The Honorable Peter S. Watson, President and Chief Executive Officer of the Overseas Private Investment Corporation; Elizabeth J. Drake, International Policy Analyst, American Federation of Labor and Congress of Industrial Organizations; Theodore H. Moran, Professor of International Business and Finance, Georgetown University; Bruce Rich, Senior Attorney and Director for International Programs, Environmental Defense and Edmund Rice, President of the Coalition for Employment through Exports, and also representing the National Foreign Trade

Council. Additional material was submitted by several individuals and organizations.

COMMITTEE CONSIDERATION

On September 25, 2003, the International Relations Committee marked up the bill, pursuant to notice, in open session. Rep. Lee offered an amendment which added a section regarding minority- and women-owned businesses. The amendment was agreed to. The Committee agreed to a motion offered by Chairman Hyde to favorably report the bill, as amended, to the House of Representatives, by a voice vote, a quorum being present.

ROLLCALL VOTES

Clause (3)(b) of rule XIII of the Rules of the House of Representatives requires that the results of each record vote on an amendment or motion to report, together with the names of those voting for or against, be printed in the Committee Report. There were no record votes during consideration of H.R. 3145.

COMMITTEE OVERSIGHT FINDINGS

In compliance with clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee reports that the findings and recommendations of the Committee, based on oversight activities under clause 2(b)(1) of rule X of the Rules of the House of Representatives, are incorporated in the descriptive portions of this report.

NEW BUDGET AUTHORITY AND TAX EXPENDITURES

Clause 3(c)(2) of House Rule XIII is inapplicable because this legislation does not provide new budgetary authority or increased tax expenditures.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

In compliance with clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, the Committee sets forth, with respect to the bill, H.R. 3145 the following estimate and comparison prepared by the Director of the Congressional Budget Office under section 402 of the Congressional Budget Act of 1974:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, September 30, 2003.

Hon. HENRY J. HYDE,
*Chairman, Committee on International Relations,
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 3145, the Overseas Private Investment Corporation Amendments Act of 2003.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Joseph C. Whitehill.

Sincerely,

DOUGLAS HOLTZ-EAKIN,
Director.

Enclosure.

H.R. 3145—Overseas Private Investment Corporation Amendments Act of 2003

Summary: H.R. 3145 would extend through 2007 the authority of the Overseas Private Investment Corporation (OPIC) to issue political risk insurance and to finance investments in developing countries and emerging market economies. The bill would clarify that the term “expropriation” would include actions by political subdivisions or a foreign government or corporations owned by or controlled by foreign governments. It also would authorize OPIC to issue guarantees in local currencies, and it would require OPIC to report to Congress on the effectiveness of its activities to reach businesses owned by women and minorities. OPIC’s authority would be limited to such amounts as may be provided in advance in appropriations acts. CBO estimates that implementing the bill would cost \$146 million over the 2004–2008 period, assuming the appropriation of the necessary funds. The bill would not affect direct spending or receipts.

OPIC is a government corporation authorized to encourage private-sector investment in developing countries and emerging market economies. It insures investments against the risk of losses due to expropriation, inconvertibility of currencies, and war or political violence. In addition, OPIC finances investments through guaranteed and direct loans. OPIC is largely self-financing. Its noncredit program earns income from investments in government securities and insurance operations.

H.R. 3145 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

Estimated cost to the Federal Government: The estimated budgetary impact of H.R. 3145 is shown in the following table. The estimate assumes that the bill will be enacted near the start of fiscal year 2004, that funds and authority will be provided in annual appropriation acts near the start of each fiscal year over the 2004–2007 period, and that outlays will follow historical spending patterns. The costs of this legislation fall within budget function 150 (international affairs).

	By fiscal year, 2004 in millions of dollars—					
	2003	2004	2005	2006	2007	2008
SPENDING SUBJECT TO APPROPRIATION						
Spending Under Current Law for OPIC:						
Estimated Authorization Level ¹	–209	–233	–245	–266	–282	–297
Estimated Outlays	–213	–218	–232	–257	–277	–294
Proposed Changes:						
Estimated Authorization Level ²	0	27	35	47	58	36
Estimated Outlays	0	3	14	31	46	53
Spending Under H.R. 3145 for OPIC:						
Estimated Authorization Level ¹	–209	–206	–210	–219	–224	–261

	By fiscal year, 2004 in millions of dollars—					
	2003	2004	2005	2006	2007	2008
Estimated Outlays	-213	-215	-218	-226	-231	-241

OPIC = Overseas Private Investment Corporation.

¹The 2003 level is the amount appropriated for that year plus the estimated amount of offsetting collections in OPIC's noncredit account.

²The estimated authorization level assumes the 2003 funding level adjusted for inflation through 2007. Funding at the 2003 level over that period would lower outlays by \$21 million over the 2004–2008 period.

Basis of estimate: In 2003, OPIC received appropriations of \$40 million for administrative expenses and \$24 million for the cost of credit as defined by the Federal Credit Reform Act. The estimated spending under current law assumes that OPIC continues to service its outstanding insurance and credits and to receive collections on its investments in U.S. securities, but that it issues no new insurance or finances no new investments after September 30, 2003. (Interest on existing securities brings in collections of more than \$230 million a year to the OPIC account; but those collections are offset by interest paid elsewhere in the federal budget.) CBO assumes that administrative expenses under current law would be gradually reduced to a minimum rate necessary to service outstanding insurance and credits.

CBO assumes that under H.R. 3145 OPIC would continue to issue insurance over the 2004–2007 period and that funding for administrative expenses and the cost of credit would be provided in annual appropriations acts at the 2003 level adjusted for inflation through 2007. Based on information from OPIC, CBO estimates that the new reporting requirement and local-currency guarantees would not significantly affect the costs of OPIC's operations. Thus, enacting the bill would continue the policies that are assumed in CBO's baseline through 2007. Because the bill would extend OPIC's authorities through 2007 only, we estimate that funding in 2008 would only be needed for the administrative expenses of servicing outstanding insurance and credits.

Intergovernmental and private-sector impact: H.R. 3145 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

Estimate prepared by: Federal Costs: Joseph C. Whitehill; Impact on State, Local, and Tribal Governments: Melissa Merrell; and Impact on the Private Sector: Jean Talarico.

Estimate approved by: Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.

PERFORMANCE GOALS AND OBJECTIVES

The bill will provide the Overseas Private Investment Corporation with the authorities needed to fulfill its foreign economic mandates through 2007.

CONSTITUTIONAL AUTHORITY STATEMENT

Pursuant to clause 3(d)(1) of rule XIII of the Rules of the House of Representatives, the Committee finds the authority for this legislation in article I, section 8 of the Constitution.

SECTION-BY-SECTION ANALYSIS

Sec. 1—Short Title. This section provides that the Bill may be cited as the “Overseas Private Investment Corporation Amendment Act of 2003”.

Sec. 2—Issuing Authority. This section extends the authority of OPIC to issue investment insurance and guaranties until September 30, 2007.

Sec. 3—Technical Corrections. This section makes technical and conforming corrections to OPIC’s statute and makes certain limitations on the power of the President to appoint public sector members of OPIC’s Board of Directors.

Sec. 4—Investment Insurance. In view of the fact that governmental functions, especially those relating to infrastructure development and operations, are performed to an increasing degree through entities owned or controlled by governments rather than by agencies of the governments, this section clarifies the definition of expropriation to include explicitly acts of an entity owned or controlled by a foreign government.

Sec. 5—Local Currency Guaranty. While OPIC currently has the authority to make loans in local currencies, it lacks the specific authority to provide a guaranty of local currency loans to projects sponsored by eligible investors. This section provides this authority. It should be implemented fully consistent with the other authorities of Section 234, including the limitations of Section 234(b).

Sec. 6—Outreach to Minority and Women-owned Businesses. This section directs OPIC to collect data on the amount of insurance and financing provided by the Corporation to minority and women-owned businesses in OPIC-supported projects and, to the extent information is available, on the involvement of such businesses in procurement activities conducted or supported by the Corporation.

AGENCY VIEWS

The Administration supports the bill.

NEW ADVISORY COMMITTEES

H.R. 3145 does not establish or authorize any new advisory committees.

CONGRESSIONAL ACCOUNTABILITY ACT

H.R. 3145 does not apply to the legislative branch.

FEDERAL MANDATES

H.R. 3145 provides no Federal mandates.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

FOREIGN ASSISTANCE ACT OF 1961

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PART I

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CHAPTER 2—OTHER PROGRAMS

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TITLE IV—OVERSEAS PRIVATE INVESTMENT CORPORATION

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SEC. 233. ORGANIZATION AND MANAGEMENT.—(a) * * *

(b) **BOARD OF DIRECTORS.**—All powers of the Corporation shall vest in and be exercised by or under the authority of its Board of Directors (“the Board”) which shall consist of fifteen Directors, including the Chairman, with eight Directors constituting a quorum for the transaction of business. Eight Directors shall be appointed by the President of the United States, by and with the advice and consent of the Senate, and shall not be officials or employees of the Government of the United States. At least two of the eight Directors appointed under the preceding sentence shall be experienced in small business, one in organized labor, and one in cooperatives. Each such Director shall be appointed for a term of no more than three years. The terms of no more than three such Directors shall expire in any one year. Such Directors shall serve until their successors are appointed and qualified and may be reappointed.

The other Directors shall be [officials] *principal officers* of the Government of the United States *whose duties relate to the programs of the Corporation*, including the President of the Corporation, the Administrator of the Agency for International Development, the United States Trade Representative, and [an official] *one such officer* of the Department of Labor, designated by and serving at the pleasure of the President of the United States. The United States Trade Representative may designate a Deputy United States Trade Representative to serve on the Board in place of the United States Trade Representative.

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SEC. 234. INVESTMENT INSURANCE AND OTHER PROGRAMS.—The Corporation is hereby authorized to do the following:

(a) **INVESTMENT INSURANCE.**—(1) To issue insurance, upon such terms and conditions as the Corporation may determine, to eligible investors assuring protection in whole or in part against any or all of the following risks with respect to projects which the Corporation has approved—

(A) * * *

(B) loss of investment, in whole or in part, in the approved project due to expropriation or confiscation by action of a foreign government or any political subdivision thereof;

* * * * *

(h) **LOCAL CURRENCY GUARANTIES FOR ELIGIBLE INVESTORS.**—To issue to—

(1) *eligible investors, or*

(2) *local financial institutions, guaranties, denominated in currencies other than United States dollars, of loans and other investments made to projects sponsored by or significantly involving eligible investors, assuring against loss due to such risks and upon such terms and conditions as the Corporation may determine, for projects that the Corporation determines to have significant developmental effects or as the Corporation determines to be necessary or appropriate to carry out the purposes of this title.*

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SEC. 235. ISSUING AUTHORITY, DIRECT INVESTMENT AUTHORITY AND RESERVES.—

(a) ISSUING AUTHORITY.—

(1) INSURANCE AND FINANCING.—(A) * * *

(B) Subject to spending authority provided in appropriations Acts pursuant to section 504(b) of the Federal Credit Reform Act of 1990, the Corporation is authorized to transfer such sums as are necessary from its noncredit activities to pay for the **subsidy cost** *subsidy and administrative costs* of the investment guaranties and direct loan programs under subsections (b) and (c) of section 234.

(2) TERMINATION OF AUTHORITY.—The authority of subsections (a), (b), and (c) of section 234 shall continue until September 30, **November 1, 2000** *2007*.

(c) There shall be established in the Treasury of the United States **an insurance and guaranty fund, which shall have separate accounts to be known as the Insurance Reserve and the Guaranty Reserve, which reserves** *a noncredit account revolving fund, which shall be available for discharge of liabilities, as provided in subsection (d) of this section until such time as all such liabilities have been discharged or have expired or until all such reserves have* *of the fund has been expended in accordance with the provisions of this section. Such fund shall be funded by: (1) the funds heretofore available to discharge liabilities under predecessor guaranty authority (including housing guaranty authorities), less both the amount made available for housing guaranty programs pursuant to section 223(b) and the amount made available to the Corporation pursuant to subsection (e) of this section and (2) such sums as shall be appropriated pursuant to subsection (f) of this section for such purposes. The allocation of such funds to each such reserve shall be determined by the Board after consultation with the Secretary of the Treasury. Additional amounts may thereafter be transferred to such **reserves** *fund* pursuant to section 236.*

(d) Any payment made to discharge liabilities under investment insurance or reinsurance issued under section 234 under similar predecessor guaranty authority or under section 234A, shall be paid first out of the **Insurance Reserve, as long as such reserve** *noncredit account revolving fund, as long as such fund remains available, and thereafter out of funds made available pursuant to subsection (f) of this section. Any payments made to discharge liabilities under guaranties issued under section 234(b) or under similar predecessor guaranty authority shall be paid first out of the Guaranty Reserve as long as such reserve remains available, and thereafter out of funds made available pursuant to subsection (f) of*

this section] or 234(c) shall be paid in accordance with the Federal Credit Reform Act of 1990.

* * * * *

(f) 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 [insurance and guaranty fund] *noncredit account revolving fund*, to discharge the liabilities under insurance, reinsurance, or guaranties issued by the Corporation or issued under predecessor guaranty authority, or to discharge obligations of the Corporation purchased by the Secretary of the Treasury pursuant to this subsection. However, no appropriations shall be made to augment the [Insurance Reserve] *noncredit account revolving fund* until the amount of funds in the [Insurance Reserve] *noncredit account revolving fund* is less than \$25,000,000. Any appropriations to augment the [Insurance Reserve] *noncredit account revolving fund* shall then only be made either pursuant to specific authorization enacted after the date of enactment of the Overseas Private Investment Corporation Amendments Act of 1974, or to satisfy the full faith and credit provision of section 237(c). In order to discharge liabilities under investment insurance or reinsurance, the Corporation is authorized to issue from time to time for purchase by the Secretary of the Treasury its notes, debentures, bonds, or other obligations; but the aggregate amount of such obligations outstanding at any one time shall not exceed \$100,000,000. Any such obligation shall be repaid to the Treasury within one year after the date of issue of such obligation. Any such obligation shall bear interest at a rate determined by the Secretary of the Treasury, 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. The Secretary of the Treasury shall purchase any obligation of the Corporation issued under this subsection, and for such purchase he may use as a public debt transaction the proceeds of the sale of any securities issued under the Second Liberty Bond Act after the date of enactment of the Overseas Private Investment Corporation Amendments Act of 1974. The purpose for which securities may be issued under such Bond Act shall include any such purchase.

(1) * * *

* * * * *

SEC. 238. DEFINITIONS.—As used in this title—

(a) * * *

(b) the term “expropriation” includes, but is not limited to, any abrogation, repudiation, or impairment by a foreign government, a *political subdivision of a foreign government*, or a *corporation owned or controlled by a foreign government*, of its own contract with an investor with respect to a project, where such abrogation, repudiation, or impairment is not caused by the investor’s own fault or misconduct, and materially adversely affects the continued operation of the project;

* * * * *

(d) the term “noncredit account revolving fund” means the account in which funds under section 236 and all funds from noncredit activities are held; [and]

* * * * *

(f) the term “predecessor guaranty authority” means prior guaranty authorities (other than housing guaranty authorities) repealed by the Foreign Assistance Act of 1969, section 202(b) and 413(b) of the Mutual Security Act of 1954, as amended, and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended (exclusive of authority relating to informational media guaranties)[.]; and

(g) the term “local financial institution”—

(1) means any bank or financial institution that is organized under the laws of any country or area in which the Corporation operates; but

(2) does not include a branch, however organized, of a bank or other financial institution that is organized under the laws of a country in which the Corporation does not operate.

* * * * *

SEC. 240. SMALL BUSINESS DEVELOPMENT.—

(a) *IN GENERAL.*—The Corporation shall undertake, in cooperation with appropriate departments, agencies, and instrumentalities of the United States as well as private entities and others, to broaden the participation of United States small business, cooperatives, and other small United States investors in the development of small private enterprise in less developed friendly countries or areas. The Corporation shall allocate up to 50 percent of its annual net income, after making suitable provision for transfers and additions to reserves, to assist and facilitate the development of projects consistent with the provisions of this section. Such funds may be expended, notwithstanding the requirements of section 231(a), on such terms and conditions as the Corporation may determine, through loans, grants, or other programs authorized by section 234 and section 234A.

(b) *OUTREACH TO MINORITY-OWNED AND WOMEN-OWNED BUSINESSES.*—The Corporation shall collect data on the involvement of minority- and women-owned businesses in projects supported by the Corporation, including—

(1) the amount of insurance and financing provided by the Corporation to such businesses in connection with projects supported by the Corporation; and

(2) to the extent such information is available, the involvement of such businesses in procurement activities conducted or supported by the Corporation.

The Corporation shall include, in its annual report submitted to the Congress under section 240A, the aggregate data collected under this paragraph, in such form as to quantify the effectiveness of the Corporation’s outreach activities to minority- and women-owned businesses.

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