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112TH CONGRESS
2D SESSION

H. R. 6644

To establish a framework for effective, transparent, and accountable United States foreign assistance, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 11, 2012

Mr. BERMAN (for himself and Mr. CONNOLLY of Virginia) introduced the following bill; which was referred to the Committee on Foreign Affairs, and in addition to the Committees on Ways and Means, Oversight and Government Reform, Armed Services, and Rules, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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A BILL

To establish a framework for effective, transparent, and accountable United States foreign 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 AND TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Global Partnerships Act of 2012".

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

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Sec. 4. Principles of assistance.
Sec. 5. Purposes of assistance.
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1 **SEC. 2. FINDINGS.**

2 Congress finds the following:

(1) In an increasingly interdependent world, the health, prosperity, freedom, and security of the people of the United States are strengthened when the people of all countries can enjoy these same advantages.

(2) The development of a healthier, more peaceful, democratic, just and prosperous world requires the sustained and substantial investment of United States human and financial resources in fostering international cooperation and in building the capacity of other countries to meet the needs of their people and to conduct themselves responsibly in the international system.

(3) Foreign assistance is not only a reflection of the values, generosity, and goodwill of the people of the United States, but also an essential means for achieving United States foreign policy, economic, and national security objectives.

SEC. 3. STATEMENT OF POLICY.

It is the policy of the United States to help build and sustain an international community composed of states that meet basic human needs, resolve conflicts peacefully, respect fundamental freedoms, cooperate to address issues that transcend national boundaries, use wisely the world's limited resources in a sustainable manner, and work to-

ward the achievement of economic well-being for all people.

SEC. 4. PRINCIPLES OF ASSISTANCE.

In order to maximize effectiveness and efficiency, United States foreign assistance should be carried out in accordance with the following principles:

(1) Foreign assistance is not an end in itself. The purpose of foreign assistance is to create the conditions under which it is no longer needed.

(2) United States foreign assistance should support the development of human, financial, organizational, and technical capacity of partner countries, both within government and among civil society, that is sustainable over the long term and leads to self-reliance.

(3) United States foreign assistance, regardless of type, purpose, or recipient, should respect human rights and democratic processes.

(4) United States embassies and United States Agency for International Development missions in partner countries should be accorded a central role in planning, budgeting, and decisionmaking with respect to United States foreign assistance to those countries.

(5) United States foreign assistance programs should be carried out in collaboration with a wide variety of partners, including multilateral organizations, governments of partner countries at all levels, intermediate representative institutions, and international, United States, and local civil society organizations.

(6) Nonemergency United States foreign assistance should be provided pursuant to well-coordinated strategies with specific goals and measurable objectives, while preserving the flexibility to respond to rapidly changing situations.

(7) Monitoring and evaluation of United States foreign assistance should be conducted systematically to ensure financial accountability, evaluate performance, assess impact, determine lessons learned, disseminate findings, and identify steps for improvement.

(8) Because gender equality is essential to democracy, human rights and economic development, the needs, views, rights, roles, and resources of women should be taken into account in all stages of the foreign assistance process, including strategic planning, budgeting, design, implementation, monitoring, and evaluation.

(9) Because natural resources and a healthy, functioning environment underpin sustainable economic growth, health, and food security, the likely impact of United States foreign assistance policies and programs upon the environment should be taken into account in all stages of the foreign assistance process. Effective action should be taken to mitigate any negative impacts and to ensure that all people enjoy the same degree of protection from environmental and health hazards.

(10) The United States Government should publish timely, detailed, and comprehensive information on the budgeting, delivery, and expenditure of United States foreign assistance in order to enhance transparency and accountability for results and should encourage and facilitate similar transparency by the partner country regarding its national budget, government contracts, and aid-related expenditures.

(11) United States foreign assistance should be conducted within a coherent and coordinated structure that establishes clear lines of authority, delineates responsibilities, rationalizes functions, closes gaps, promotes policy consistency, and ensures civilian leadership.

(12) To ensure that United States foreign assistance achieves its intended objectives and to maximize its impact, the United States Government should design and implement such assistance in partnership with local stakeholders, including as appropriate and feasible, governments, intermediate representative institutions, civil society organizations, and affected communities.

(13) The success of United States foreign assistance in meeting humanitarian, foreign policy, and national security objectives depends on the sustained commitment of adequate and reliable budgetary resources as well as on the development, training, and maintenance of a diverse and experienced corps of professionals to design, manage, implement, and monitor such foreign assistance.

SEC. 5. PURPOSES OF ASSISTANCE.

United States foreign assistance under this Act shall be provided in accordance with the policy set forth in section 3 and the principles set forth in section 4 to achieve the following interrelated and mutually reinforcing purposes:

(1) Reducing global poverty and alleviating human suffering.

(2) Advancing peace and mitigating crises.

(3) Supporting human rights and democracy.

(4) Building and reinforcing strategic partnerships.

(5) Countering transnational threats.

(6) Sustaining the global environment.

(7) Expanding prosperity through trade and investment.

SEC. 6. DEFINITIONS.

Except as otherwise provided, in this Act:

(1) ADMINISTRATOR.—The term ''Administrator'' means the Administrator of the United States Agency for International Development.

(2) AGENCY OR USAID.—The term ''Agency'' or ''USAID'' means the United States Agency for International Development.

(3) APPROPRIATE CONGRESSIONAL COMMITTEES.—The term ''appropriate congressional committees'' means—

(A) the Committee on Foreign Affairs and the Committee on Appropriations of the House of Representatives; and

(B) the Committee on Foreign Relations and the Committee on Appropriations of the Senate.

(4) BASIC HUMAN NEEDS.—The term ''basic human needs'' means the requirements for sustaining life, health, and human dignity.

(5) CIVIL SOCIETY ORGANIZATION.—The term ''civil society organization'' means—

(A) a registered or unregistered nonprofit organization, independent of the government and state, including a private and voluntary organization, community or faith-based organization, advocacy group, business or trade association, cooperative, credit union, labor union, or philanthropic foundation;

(B) an independent media, educational, or research institution; or

(C) a private enterprise, including an international development firm, bank or other financial institution, or a business of any type.

(6) COUNTRY.—The term ''country'' means the government, civil society, and intermediate representative institutions of a state or specially administered area.

(7) DEVELOPMENT ASSISTANCE.—The term ''development assistance'' means—

(A) assistance under—

(i) subtitle A of title I;

(ii) the Millennium Challenge Act of 2003 (22 U.S.C. 7701 et seq.);

(iii) the United States Leadership Against HIV/AIDS, Tuberculosis, and Malaria Act of 2003 (22 U.S.C. 7601 et seq.);

(iv) title V of the International Security and Development Cooperation Act of 1980 (22 U.S.C. 290h et seq.; relating to the African Development Foundation); or

(v) section 401 of the Foreign Assistance Act of 1969 (22 U.S.C. 290f; relating to the Inter-American Foundation);

(B) official development assistance under any provision of law; and

(C) reconstruction assistance under any provision of law.

(8) ECONOMIC ASSISTANCE.—The term ''economic assistance'' means foreign assistance, other than assistance under subtitle B or C of title IV.

(9) FEDERAL AGENCY.—The term ''Federal agency'' has the meaning given the term Executive agency in section 105 of title 5, United States Code.

(10) FOREIGN ASSISTANCE.—The term ''foreign assistance'' means any tangible or intangible item provided by the United States Government to a for-

eign country or international organization under this or any other Act, including any training, service, or technical advice, any item of real, personal, or mixed property, any agricultural commodity, any gift, loan, sale, credit, guarantee, or export subsidy, United States dollars, and any currencies of any foreign country which are owned by the United States Government.

(11) FUNDAMENTAL FREEDOMS.—The term ''fundamental freedoms'' means the freedoms of association, assembly, expression, and religion.

(12) GENOCIDE.—The term ''genocide'' means an offense as described in section 1091 of title 18, United States Code.

(13) HUMANITARIAN ASSISTANCE.—The term ''humanitarian assistance'' means—

(A) assistance under subtitle B of title I;

(B) emergency food assistance under title II of the Agricultural Trade Development and Assistance Act of 1954 (Public Law 83–480); and

(C) refugee and migration assistance under the Migration and Refugee Act of 1962.

(14) INSTITUTION OF HIGHER EDUCATION.—The term ''institution of higher education'' has the

meaning given such term under section 101 of the Higher Education Act of 1965 (20 U.S.C. 1001).

(15) INTERMEDIATE REPRESENTATIVE INSTITUTION.—The term ''intermediate representative institution'' means an organization with the mandate to represent citizens in government and in political processes, such as a legislature, political party, advisory commission, or municipal council.

(16) INTERNATIONAL ORGANIZATION.—The term ''international organization'' means an international organization as defined in section 1 of the International Organizations Immunities Act (22 U.S.C. 288).

(17) MARGINALIZED GROUP.—The term ''marginalized group''—

(A) means a group that is excluded by law, policy, or practice from participating on a full and equal basis in the political, economic, and social life of a country, including the enjoyment of all rights and freedoms; and

(B) includes women, poor people, youth, refugees, displaced or stateless persons, persons belonging to racial, national, ethnic, religious or linguistic minorities, persons with disabilities,

and persons discriminated against on the basis of their sexual orientation or gender identity.

(18) MASS ATROCITIES.—The term ''mass atrocities'' includes war crimes, genocide or acts that may constitute genocide, and other crimes against humanity.

(19) MILITARY EDUCATION AND TRAINING.—The term ''military education and training'' includes formal or informal instruction of foreign students in the United States or overseas by officers or employees of the United States, contract technicians, contractors (including instruction at civilian institutions), or by correspondence courses, technical, educational, or informational publications and media of all kinds, training aids, orientation, and military advice to foreign military units and forces.

(20) NOTWITHSTANDING, ETC.—The terms ''notwithstanding any other provision of law'' and ''notwithstanding any provision of this or any other Act'' shall not apply to title 31, United States Code, the Congressional Budget and Impoundment Control Act of 1974, or the Budget Enforcement Act of 1990.

(21) PARTNER COUNTRY.—The term ''partner country'' means a country that is receiving or is eligible to receive foreign assistance.

(22) PRIVATE AND VOLUNTARY ORGANIZATION.—The term ''private and voluntary organization'' means a nonprofit, nongovernmental organization.

(23) PRIVATE PARTNER.—The term ''private partner'' means—

(A) a non-United States Government entity that—

(i) enters into a contract, as described in section 6303 of title 31, United States Code, with the United States Government;

(ii) accepts a grant, as described in section 6304 of title 31, United States Code, from the United States Government; or

(iii) enters into a cooperative agreement, as described in section 6305 of title 31, United States Code, with the United States Government,

relating to the use by that entity of foreign assistance; and

(B) any subcontractor or subgrantee thereof.

(24) SECRETARY.—The term ''Secretary'' means the Secretary of State.

(25) SECURITY ASSISTANCE.—The term ''security assistance'' means foreign assistance under title IV or title V.

(26) UNITED STATES.—The term ''United States'', when used in the geographic sense, includes each State of the several States, the District of Columbia, the Commonwealth of Puerto Rico, American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, the Virgin Islands of the United States, and any other territory or possession of the United States.

(27) UNITED STATES ARMED FORCES.—The term ''United States Armed Forces'' means the Army, Navy, Air Force, Marine Corps, and Coast Guard.

TITLE I—REDUCING GLOBAL POVERTY AND ALLEVIATING HUMAN SUFFERING

SEC. 1001. FINDINGS.

Congress finds the following:

(1) The abject and dehumanizing conditions of extreme poverty, which affect more than a billion people around the world, are inimical to the achievement of a healthy, peaceful, democratic, just and prosperous world and an affront to shared human values.

(2) A principal objective of United States foreign policy is reducing global poverty and its worst physical manifestations through the encouragement and sustained support of the people of developing countries in their efforts to acquire the knowledge and resources essential to building the economic, political, and social institutions that will improve the quality of their lives.

(3) Strengthening democratic governance and the political voice of poor and marginalized groups not only directly combats poverty but also helps build responsive, accountable state institutions essential to sustain the positive impact of foreign assistance over the long-term.

(4) United States efforts to reduce global poverty and alleviate human suffering reflect the compassion and generosity of the American people, while also serving United States economic and national security interests. Poor and unstable countries make

unreliable trading partners and weak markets for United States goods and services. Violent extremism that threatens United States national security flourishes where democratic governance is weak, justice is uncertain, and legal avenues for change are in short supply.

(5) Complementing the long-term objective of reducing global poverty, the humanitarian concern and tradition of the people of the United States demands a commitment to saving lives and alleviating human suffering resulting from natural and human-caused disasters, and to taking effective action to prevent, prepare for, and mitigate such disasters.

(6) Pursuit of these interrelated objectives requires that development and humanitarian concerns be fully reflected throughout United States foreign policy, and that resources for these purposes be adequately and reliably budgeted and effectively and efficiently utilized.

(7) In order to achieve United States foreign policy and national security objectives, the United States should act in concert with other countries and multilateral institutions to mobilize adequate resources from public and private sources for poverty reduction and humanitarian relief.

SEC. 1002. STATEMENT OF POLICY.

It is the policy of the United States to undertake best efforts to—

(1) reduce global poverty, including by establishing and meeting, in cooperation with governments of developing countries, other public and private donors, multilateral institutions, nongovernmental organizations, businesses, and affected communities, international targets for the reduction of poverty; and

(2) prevent, prepare for, mitigate, and respond to humanitarian crises wherever such crises may occur.

SEC. 1003. ENCOURAGEMENT OF UNITED STATES PRIVATE AND VOLUNTARY COOPERATION.

(a) FINDINGS.—Congress finds the following:

(1) The sustained participation of United States private and voluntary organizations, community and faith-based organizations, charitable foundations, labor unions, cooperatives, and credit unions in international development and humanitarian relief, rehabilitation, and reconstruction significantly reduces poverty and alleviates human suffering through—

(A) application of accumulated expertise in the discipline of development;

(B) provision of social services in underserved communities;

(C) building the capacity of local organizations to operate with maximum effectiveness, thereby strengthening civil society and advancing self-reliance;

(D) establishing long-term partnerships with and between local communities, civil society organizations and governments of developing countries at all levels, thus helping to strengthen accountability, reduce corruption, build capable institutions, and sustain progress;

(E) empowering marginalized groups through access to information and a leadership role in decisionmaking processes; and

(F) serving as a voice for the poor and bringing best practices and lessons learned to bear on policymaking processes in the United States and worldwide.

(2) Such organizations, foundations, unions, and cooperatives, by mobilizing private United States financial and human resources, reflect the values and goodwill of the people of the United States and embody the American spirit of self-help.

(3) Advocacy groups and organizations that represent American political, legal, academic and business life have developed long-standing relationships with their overseas counterparts, helping to build people-to-people networks that strengthen civil society, protect human rights, support democratic institutions and foster a policy environment conducive to economic development.

(4) Similarly, the sustained participation of United States educational and research institutions in building the scientific, educational, and service capacities of developing countries is vital to the economic and social development of those countries, and at the same time strengthens the faculty and programs available to United States students.

(5) Because of their ability to attract and leverage private contributions, the entities described in paragraphs (1) through (4) are extremely cost-effective partners for providing foreign assistance.

(6) Because such entities, often using their own resources, develop and maintain long-term and independent relationships with their counterparts in foreign countries, they provide great expertise in program implementation, an important source of knowledge about local needs, attitudes, customs, and con-

ditions, and a critical means for building trust and goodwill with local communities.

(b) STATEMENT OF POLICY.—It is the policy of the United States to—

(1) encourage and facilitate, as appropriate, international activities of United States private and voluntary organizations, community and faith-based organizations, charitable foundations, labor unions, cooperatives, credit unions, and educational and research institutions in furtherance of the goals of this title;

(2) co-design, co-fund, and co-manage projects and strategies with such entities to meet jointly agreed development objectives;

(3) strengthen the capacity of such entities, without compromising their private and independent nature, to undertake effective international assistance efforts; and

(4) streamline and simplify the process by which such entities may compete for resources made available under this title.

SEC. 1004. ENCOURAGEMENT OF UNITED STATES BUSINESS PARTICIPATION.

(a) FINDINGS.—Congress finds the following:

(1) United States businesses, including international development firms, are significant contributors to humanitarian relief and broad-based economic growth in developing countries, through—

(A) the donation of financial resources, technology, goods, and services;

(B) the sharing of training, technical, managerial, and business skills;

(C) the investment of capital and the development of trade relationships;

(D) the establishment and maintenance of partnerships with the governments of developing countries, local communities, and civil society organizations;

(E) partnering with local businesses and entrepreneurs;

(F) the expansion of job opportunities in impoverished communities; and

(G) the encouragement of private sector development and of the legal and institutional framework to support such development.

(2) Such businesses are often staffed by individuals with a strong commitment to and knowledge of developing countries, many of whom have served

overseas, and who bring American values, know-how, and spirit of innovation.

(3) While some United States businesses have a long history of engagement with international development, bringing extensive experience, strong local ties and a proven track record of achievement, many others seek to establish first-time partnerships and new joint ventures.

(4) By leveraging contributions of United States businesses and facilitating public-private partnerships, the United States Government can maximize the impact of its efforts to improve social and economic conditions in developing countries.

(b) STATEMENT OF POLICY.—It is the policy of the United States to—

(1) encourage and facilitate, to the maximum extent practicable, participation by United States businesses in achieving the purposes of this title;

(2) promote awareness by United States businesses, including small businesses, of opportunities to promote economic growth and expand markets in developing countries;

(3) facilitate partnerships between United States business and international and local non-governmental organizations, including private and

voluntary organizations, community and faith-based organizations, charitable foundations, labor unions, cooperatives, credit unions, and educational and research institutions, to reduce poverty and alleviate human suffering;

(4) build strategic alliances with United States businesses, drawing on their unique assets and experience, to solve complex problems in developing countries; and

(5) co-design, co-fund, and co-manage projects and strategies with United States business partners to meet jointly agreed development objectives.

SEC. 1005. DEVELOPMENT PARTNERSHIPS FELLOWS PROGRAM.

(a) IN GENERAL.—The Administrator is authorized and encouraged to establish a program of exchanges to strengthen individual and institutional capacity, share knowledge and best practices, build partnering skills and develop networks through professional exchanges between the Agency and the private sector, including businesses and nonprofit institutions.

(b) STRATEGIC FOCUS.—The exchanges authorized under subsection (a) should be designed to fill gaps and build capacity in areas of critical need, as determined by the Administrator and the private sector entity.

(c) COMPETITIVE AWARDS.—The process for selecting individuals for the exchanges authorized under subsection (a) should be open and competitive, while offering opportunities to individuals with varying levels of professional experience.

(d) STATUS OF EMPLOYMENT.—Notwithstanding any other provision of law, during the period of exchange—

(1) each participating individual (hereinafter referred to as a ''Fellow'') shall continue to receive his or her salary, benefits, and rights of employment from the Agency or private sector entity, as the case may be; and

(2) in the case of a Fellow who is an employee of a private sector entity and is working at the Agency, the Fellow shall not be considered to be a Federal employee of the Agency, except for purposes of obtaining necessary access to buildings, office supplies, equipment and facilities.

(e) PARITY IN EXCHANGE.—The Administrator shall ensure that the total number of Fellows who are employees of the Agency and are working at private sector entities is substantially equivalent to the total number of Fellows who are employees of private sector entities and are working at the Agency.

(f) OTHER COSTS AND EXPENSES.—The Administrator shall prescribe policies and procedures regarding costs and expenses for Fellows other than policies and procedures regarding salaries and benefits.

(g) TERM OF SERVICE.—The Administrator shall determine appropriate lengths of service for Fellows, except that such service may not exceed a period of 2 years.

Subtitle A—Reducing Global Poverty

SEC. 1011. FINDINGS.

Congress finds the following:

(1) The goal of international development is to improve the quality of life for all people while preserving that opportunity for future generations.

(2) Successful economic development includes the eradication of extreme poverty and its worst physical manifestations.

(3) Abuses of power, failure to respect human rights, exclusion of and discrimination against societal groups, and unchecked violence, particularly against women and girls, are impediments to economic development.

(4) While each country must marshal its own economic and human resources in order to build and maintain the political, social, and economic institu-

tions necessary to reduce poverty and improve the quality of life for its people, the magnitude of the need far exceeds the resources of most developing countries.

(5) The United States has acknowledged a collective responsibility for, as well as a national interest in, the reduction of global poverty through the promotion of long-term development that is participatory, equitable, self-reliant, and environmentally sustainable.

(6) A human rights-based approach that focuses on empowering women and girls has been shown to maximize development outcomes.

(7) Development is a long-term process that requires sustained attention and resources. Foreign assistance to achieve short-term political objectives or meet emergency humanitarian needs should not come at the expense of efforts to address the root causes of poverty and human suffering.

SEC. 1012. STATEMENT OF POLICY.

It is the policy of the United States to reduce global poverty by helping poor people in developing countries to participate in a process of self-sustaining, equitable, and environmentally sound economic growth through productive work and to influence decisions that shape their lives,

with the goal of increasing their incomes and their access to public services that will enable them to satisfy their basic needs, exercise their rights, and lead lives of decency, dignity, and hope.

SEC. 1013. PRINCIPLES OF ASSISTANCE.

In order to maximize the reduction of global poverty, assistance under this subtitle should be carried out in accordance with the following principles:

(1) Development is primarily the responsibility of the people of developing countries themselves. Assistance should be used in support of, rather than substitution for, the self-help efforts that are essential to successful economic development.

(2) Assistance should be demand-driven and designed to support partner country ownership by respecting the development goals chosen through an open and inclusive process in the partner country.

(3) The United States Government should work to broaden country-level policy dialogue on development by promoting an open and inclusive process for choosing development goals, and by increasing the capacity of all stakeholders to participate meaningfully in that process.

(4) Persons affected by conflict or disaster—including refugees, stateless persons, and internally

displaced persons, particularly those in protracted situations—are among the world's most vulnerable to poverty, exclusion, exploitation and other abuses. Although they have tremendous potential to contribute to the growth and development of the communities and countries where they reside, these populations often lack access to development resources and programs. Such populations, as well as other marginalized groups, must be explicitly included in country development programs and national development strategies.

(5) Assistance should be concentrated in countries that have the greatest need for outside assistance and that will make the most effective use of such assistance in achieving the purposes of this subtitle.

(6) Program selection and design should be linked to results, by using performance frameworks and indicators that are included in or consistent with a developing country's national development strategy, where possible, and by strengthening the country's capacity and demand for results-based management.

(7) When partner country systems are transparent, accountable and effective, the United States

Government should use such systems for delivering assistance. Where use of such systems is not feasible, the United States should establish additional safeguards and measures in ways that strengthen rather than undermine country systems.

(8) Even in countries where there is a strong and capable state, civil society should be included in the planning, design, management, delivery, monitoring and evaluation of foreign assistance.

(9) Assistance should focus on building the self-sufficiency of developing countries by upgrading human, technical, and institutional capacity, both inside and outside government, to effectively plan, manage, implement, monitor, and evaluate budgets, policies, and programs in a transparent and accountable manner that supports development objectives.

(10) The United States Government should take all appropriate steps to harmonize its planning, funding, conditionality, disbursement, monitoring, evaluation, and reporting with governments of developing countries and with other donors, including multilateral institutions, in order to simplify and reduce the administrative burdens, achieve a more effective division of labor that builds on donors' com-

parative advantages, and improve accountability for results.

(11) In consultation with Congress and in conjunction with the Interagency Policy Committee on Global Development established under section 1020, the Administrator should engage in strategic and budgetary planning over a 3- to 5-year period that will enable the disbursement of assistance in a more timely and predictable manner.

(12) Personnel and management systems of the Agency should incorporate incentives for innovation and experimentation, with tolerance of reasonable risk-taking and training on risk-management.

(13) Poverty reduction efforts should promote a policy environment and legal framework that is conducive to broad-based and sustainable economic growth, including—

(A) respect for the rule of law;

(B) fair, accessible, and timely administration of justice;

(C) representative and accountable institutions of governance;

(D) protection of human rights and fundamental freedoms;

(E) mechanisms of accountability and transparency;

(F) security of person, property and investments;

(G) enforcement of contracts and intellectual property rights;

(H) encouragement of private enterprise, free markets and labor rights; and

(I) a vibrant and informed civil society.

(14) An effective United States strategy to promote global poverty reduction and contribute to broad-based, sustainable economic growth must incorporate all United States policies having an impact on development, which include foreign assistance, debt relief, trade, agriculture, migration and remittances, environmental protection, technology transfer, and arms sales.

(15) Assistance should be provided in a manner that is flexible enough to adapt to the unique needs and capabilities of specific developing countries and changing situations on the ground, while remaining transparent and predictable enough to allow developing countries and other partners to plan and budget efficiently.

(16) Assistance should give priority to undertakings that will directly improve the lives of the poorest, most vulnerable and marginalized groups, and strengthen their capacity to participate in the political, economic, and social development of their countries.

(17) Investments in research, the fostering of innovation and the application of technology are essential to expanding the impact and effectiveness of development policies and programs. To ensure that such research, innovation and technology are appropriately harnessed, development assistance policies and programs should promote data collection and rigorous analysis, evidence-based decisionmaking, a culture of learning, a mechanism for scaling up successful methods and activities, and a process for sharing best practices.

(18) Gender equality is a matter of fundamental human rights, as well as being essential to the reduction of poverty and to the health, education and well-being of families and communities. Assistance should encourage and promote the full participation of women and girls in the decisions that affect their lives, elevate the role of women in their societies, ensure that women are fully integrated into

United States policies and programs, afford women opportunities to support themselves and their families, equip and empower women to serve as leaders and as agents of transformation, and protect women and girls against discrimination and violence.

(19) Assistance should promote the wise and efficient use of natural resources to ensure stable economic growth and a healthy environment in which to live, learn, and work.

(20) Policies and programs carried out under this subtitle should promote, protect, and ensure the full and equal enjoyment of all human rights and fundamental freedoms by all persons with disabilities, respect their inherent dignity, and encourage their full and effective participation in society on an equal basis with others.

(21) International and United Nations-affiliated agencies and multilateral development institutions are essential components of United States poverty reduction efforts. The United States Government should recognize the comparative advantages of such institutions, particularly with respect to investments in capital-intensive projects and in countries and regions where the United States does not have a large physical presence, while supporting reforms to make

such institutions more accountable, responsive, and representative. In addition to direct financial contributions, the United States Government should provide technical and logistical assistance to such institutions as appropriate.

(22) Private investment and philanthropy and individual remittances are increasingly important sources of development resources. The United States Government should help to link the United States private sector with appropriate local partners, to encourage private investment in economic and social development programs to which the United States lends support, and to ensure complementarity between public and private development efforts.

(23) Assistance should be planned and utilized to encourage regional cooperation among developing countries in the solution of common problems and the development of shared resources.

SEC. 1014. GOALS OF ASSISTANCE.

In order to reduce poverty in developing countries, assistance under this subtitle shall be designed to further the following goals:

(1) Accelerating economic growth.

(2) Promoting food security.

(3) Advancing health.

(4) Expanding quality education.

(5) Protecting and restoring the natural environment.

(6) Improving access to safe water, sanitation, and housing.

(7) Fostering gender equality.

(8) Strengthening democratic governance.

SEC. 1015. DEVELOPMENT SUPPORT FUNDS.

(a) AUTHORIZATION OF ASSISTANCE.—

(1) IN GENERAL.—The Administrator is authorized to provide assistance, on such terms and conditions as the Administrator may determine, to developing countries, in accordance with the policy described in section 1012 and the principles described in section 1013, to further the goals described in section 1014.

(2) COUNTRY STRATEGIES.—The annual congressional budget justification submitted under section 9302 shall specify the amount of funds to be made available to prepare and carry out Country Development Cooperation Strategies under section 1018.

(3) AVAILABILITY.—Funds made available under this section for a fiscal year are authorized to remain available until expended.

(4) DESIGNATION OF FUNDS.—Assistance authorized under this subsection shall be known as ''Development Support Funds''.

(b) SUSTAINABILITY AND LOCAL PROCUREMENT.—In providing assistance authorized under subsection (a), the Administrator—

(1) shall, to the maximum extent feasible, emphasize the development of local capacity and the establishment of sustainable institutions in the partner country; and

(2) should, to the extent feasible and if cost-effective, procure required goods and services in the partner country, or, if local procurement is not feasible or cost-effective, in another developing country in the same region.

(c) FACTORS.—In determining the amount of assistance to be provided for each country the Administrator shall take into account the following factors:

(1) The absolute number and proportion of people in such country living in poverty.

(2) The country's ranking on the Human Development Index or other similar measures of living standards and overall well-being.

(3) The country's per capita income.

(4) The availability of domestic resources for development within such country.

(5) The availability of resources from other donors and investors in such country.

(6) The extent to which there is a political, social, and economic environment in such country that will enable funds to be used effectively and accountably to achieve lasting results.

(7) The performance record of the country in reducing poverty and responsibly using foreign assistance, if any, in the previous three to five-year period.

(8) The country's demonstrated commitment to its own development, including investments in its people.

(9) Any other factors that the Administrator determines to be appropriate.

(d) CRITERIA AND METHODOLOGY.—

(1) ESTABLISHMENT.—The Administrator shall establish the criteria and methodology for determining the amount of assistance to be provided for each country under subsection (a). Such criteria and methodology shall—

(A) be based on the factors listed in subsection (c);

(B) use, to the maximum extent possible, objective and quantifiable indicators; and

(C) ensure that an appropriate proportion of funds are made available for each geographic region of the world.

(2) CONGRESSIONAL CONSULTATION.—The Administrator shall consult with the appropriate congressional committees on the criteria and methodology, including indicators, established pursuant to paragraph (1).

(3) PUBLIC AVAILABILITY.—The criteria and methodology, including indicators, established pursuant to paragraph (1) shall be made publicly available on the Internet website of the Agency.

(4) ANNUAL BUDGET SUBMISSION.—For each fiscal year, the Administrator shall include in the congressional budget justification submitted under section 9302 the rankings of each country according to the criteria and methodology established pursuant to paragraph (1).

(e) FULL FUNDING OF PROJECTS AND ACTIVITIES.—

(1) IN GENERAL.—Subject to paragraph (2), funds may be obligated to carry out a Country Development Cooperation Strategy under section 1018

or a sector strategy for development transmitted under section 1019 only pursuant to an agreement for a project or activity that constitutes an obligation of the full estimated amount of foreign assistance for the life of such project or activity.

(2) RULES OF CONSTRUCTION.—For purposes of this section—

(A) an obligation includes any sub-obligation of funds initially obligated under a Strategic Objective Agreement or other similar agreement;

(B) an agreement includes any grant, cooperative agreement, or contract entered into by the United States Government or a partner country with funds made available to carry out this subtitle; and

(C) funds, in addition to those obligated pursuant to subsection (a), may be obligated for a project or activity if the Administrator determines, on a case-by-case basis, and reports such determination to the appropriate congressional committees, that an additional obligation of funds is necessary in order to enable the Administrator to meet development objectives that

could otherwise not be met absent such additional obligation.

(3) OUTLAYS AND EXPENDITURES.—The requirement in paragraph (1) shall not be construed to require outlays or expenditures for a project or activity which does not meet all applicable conditions relating to performance, accountability, and eligibility.

SEC. 1016. INNOVATION FUND.

(a) ESTABLISHMENT.—The Administrator is authorized to establish a fund to support innovative projects and evidence-based solutions that may be tested, replicated, and scaled up in partner countries to significantly improve development outcomes.

(b) FUNDING.—The Administrator is authorized—

(1) to transfer to the fund up to $50,000,000 of amounts made available for a fiscal year under section 1015, which may be used notwithstanding any other provision of law; and

(2) to accept contributions to the fund from foundations, corporations, and educational and nongovernmental organizations.

(c) DOCUMENTATION.—A detailed description of all obligations and expenditures from the fund shall be made publicly available on the Internet website of the Agency,

including a description of amounts, beneficiaries, locations, and intended purposes, at the time the obligation or expenditure is made.

(d) LESSONS LEARNED.—Each project supported by the fund shall be independently evaluated, and the results and lessons learned shall be made publicly available on the Internet website of the Agency.

SEC. 1017. UNITED STATES STRATEGY FOR GLOBAL DEVELOPMENT.

(a) IN GENERAL.—Under the direction of the President, and consistent with the results of the Quadrennial Diplomacy, Development, and Security Review, the Interagency Policy Committee on Global Development established under section 1020 shall prepare on a quadrennial basis a comprehensive strategy to further the United States foreign policy objective of promoting global development. Such strategy shall be known as the ''United States Strategy for Global Development''.

(b) ELEMENTS.—The strategy required under subsection (a) shall—

(1) establish clear and specific goals and objectives for United States policies and programs to advance global development that are consistent with the principles of section 1013, internationally agreed development goals, and developing country priorities;

(2) explain how such goals and objectives are informed by and will be coordinated with internationally agreed goals, developing country strategies, and the programs of other bilateral and multilateral donors;

(3) identify major policy changes and key priorities for assistance that will be necessary to achieve such goals and objectives;

(4) provide evidence and data to support the proposed strategy and demonstrate how it would improve development effectiveness;

(5) define the respective roles of each Federal agency in carrying out the strategy;

(6) outline a process to enhance coordination among each such agency to ensure policy and program coherence;

(7) review and improve mechanisms for consulting with other development stakeholders;

(8) describe how crosscutting themes such as gender equality, human rights, environment, and conflict prevention will be integrated throughout the strategy;

(9) recommend mechanisms to ensure that the strategy can be adjusted to respond to new informa-

tion and changing situations on the ground and to reflect best practices and lessons learned;

(10) estimate the requirements for human and financial resources and overseas infrastructure to carry out the strategy over the subsequent 4-year period; and

(11) include a plan, budget, and timetable for implementing the strategy, including any legislative requests and Executive orders to be issued.

(c) CONSULTATION.—In preparing the strategy required under subsection (a), the Interagency Policy Committee on Global Development established under section 1020 shall consult with the appropriate congressional committees and relevant stakeholders.

(d) TRANSMISSION TO CONGRESS.—

(1) IN GENERAL.—Not later than 180 days after the date of the enactment of this Act and every four years thereafter, the President shall transmit to the appropriate congressional committees a copy of the strategy required under subsection (a).

(2) AVAILABILITY TO PUBLIC.—The strategy transmitted under paragraph (1) shall be published on the Internet at the time of transmission to the appropriate congressional committees.

SEC. 1018. COUNTRY DEVELOPMENT COOPERATION STRATEGIES.

(a) IN GENERAL.—Every 3 to 5 years, the Mission Director of the Agency in each country described in subsection (b) shall prepare a strategy for United States policies and programs relating to development in such country. Such strategy shall be known as the ''Country Development Cooperation Strategy''.

(b) COUNTRY DESCRIBED.—A country described in this subsection is a country in which—

(1) there is a full Agency mission; and

(2) significant violent conflict is neither ongoing nor likely.

(c) ELEMENTS.—Each strategy required under subsection (a) shall be consistent with the principles of section 1013 and shall contain the following elements:

(1) An overview of the country's own development strategy and national sectoral plans, as reflected in its Poverty Reduction Strategy Paper or other official documents.

(2) An analysis of the process by which the country established its development strategy, including the extent to which the strategy reflects the input of marginalized groups and affected communities.

(3) An assessment of current gaps between relief and development programming, the country's vulnerability to a natural or human-caused disaster and to the outbreak of violent conflict, and the steps being taken to close current programming gaps and to prevent, prepare for, or mitigate such a disaster or conflict.

(4) An assessment of the country's vulnerability to climate change, and the special challenges such change is likely to pose.

(5) An assessment of the progress the country has made toward meeting its development goals and of the results of foreign assistance in the previous 3 to 5 years.

(6) An analysis of the major obstacles and challenges to achievement of the country's development strategy, or in cases in which there is no strategy or the strategy is deeply flawed, the obstacles and challenges to achievement of internationally agreed development goals in the country.

(7) A description of the specific ways in which the United States can most effectively invest in the country's development, including a review of the roles of the various donors and the areas of United States comparative advantage.

(8) A description of the roles of each participating Federal agency in carrying out the strategy.

(9) A description of the consultative mechanisms used in developing the strategy and the stakeholders consulted.

(10) A description of the mechanisms by which United States Government policies and programs relating to development will be harmonized with the country's development strategy and assistance from other donors.

(11) A description of the linkages between the strategy and relevant sector strategies for development, including any assistance to be provided for the country pursuant to a sector strategy.

(12) An evaluation of the risks and tradeoffs contained in the approach recommended in the strategy.

(13) Specific, measurable goals and objectives for development assistance to the country over the next 3 to 5 years, including a list of indicators to be used in assessing impact, which to the maximum extent practicable shall reflect the country's development strategy, shall be gender-disaggregated, and shall emphasize the reduction of extreme poverty.

(14) The total amount of development assistance requested for the country over the period of the strategy, and the estimated amount that would be devoted to each goal and objective for such assistance.

(15) A description of the types of projects and activities to be supported in pursuit of each goal and objective for such assistance.

(16) A description of the likely types of partners for each type of project or activity, which to the maximum extent practicable shall utilize and strengthen local procurement and delivery systems.

(17) A description of the personnel resources needed to implement the strategy, and any bureaucratic, logistical, or infrastructural impediments to deploying such resources.

(18) A description of how development assistance will build local capacity, strengthen country ownership, improve country systems, advance democratic governance, and reflect country priorities.

(19) A plan and budget for monitoring the performance and evaluating the impact of development assistance, which to the maximum extent practicable shall utilize and strengthen local monitoring and

evaluation systems, and shall include data on a sex-disaggregated basis.

(20) A description of how development assistance will help to promote regional cooperation and integration.

(d) CONSULTATION.—In preparing the strategy required under subsection (a), the Mission Director shall consult with a wide range of relevant stakeholders to ensure that the strategy is appropriate to local needs and conditions and incorporates the views of the partner country.

(e) REVIEW AND COORDINATION.—

(1) BY ADMINISTRATOR.—Each strategy prepared under subsection (a) shall be submitted to the Administrator for review and approval.

(2) BY IPC.—Each strategy reviewed and approved under paragraph (1) shall be transmitted to the Interagency Policy Committee on Global Development established under section 1020 to ensure coordination with the United States Global Development Strategy and all other United States policies and programs relating to the partner country.

(f) TRANSMISSION.—

(1) TO CONGRESS.—Each strategy prepared under subsection (a) shall be transmitted to the appropriate congressional committees.

(2) TO PARTNER COUNTRY.—Each strategy prepared under subsection (a) shall be officially transmitted to the government of the partner country at the same time it is transmitted to the appropriate congressional committees under paragraph (1).

(3) PUBLIC AVAILABILITY.—Each strategy prepared under subsection (a) shall be published on the Internet website of the Agency not later than 3 days after it is transmitted to the government of the partner country under paragraph (2).

(4) REVISIONS.—

(A) IN GENERAL.—A strategy prepared under subsection (a) may be revised at any time, but any significant revision to such strategy shall be subject to the same consultation, review, and transmission requirements that are applicable to a strategy prepared under subsection (a).

(B) DEFINITION.—In this paragraph, the term ''significant revision'' means a change—

(i) to a goal, objective, or indicator;

(ii) of more than 20 percent in—

(I) the amounts to be provided for a goal or objective; or

(II) the number of personnel required; or

(iii) in the general nature of the projects or activities to be supported.

(g) IMPLEMENTATION.—None of the funds made available under section 1015 may be used to carry out a strategy prepared under subsection (a) until at least 15 days after the strategy is transmitted to the appropriate congressional committees under subsection (f)(1).

SEC. 1019. SECTOR STRATEGIES FOR DEVELOPMENT.

(a) IN GENERAL.—Every 4 years, the Administrator shall prepare, consistent with the results of the Quadrennial Diplomacy, Development, and Security Review prepared under section 9101 and the United States Strategy for Global Development prepared under section 1017, individual strategies for achieving each of the goals of assistance described in paragraphs (1) through (8) of section 1014.

(b) ELEMENTS.—Each strategy required under subsection (a) shall include—

(1) specific objectives for the next 4-year period, including indicators and other measurements of success;

(2) a description of how such objectives relate to, are informed by, and will be coordinated with the development goals and relevant sectoral plans of partner countries, as well as with those of other bilateral and multilateral donors;

(3) a description of the roles of each Federal agency in carrying out the strategy, and the mechanisms for coordination;

(4) a description of policies and programs needed to achieve such objectives, and the proportion of resources to be provided to such policies and programs;

(5) a description of the ways in which research, innovation, and technology will be deployed in support of such objectives;

(6) a list of priority countries, regions, and intended beneficiaries on which resources would be focused;

(7) a description of the gender considerations taken into account, the role of women and girls as participants and beneficiaries of the strategy, and the impact the strategy will have on gender equality;

(8) a description of how the policies, programs, objectives and priorities have been informed by, and will respond to, conflict strategies and assessments issued pursuant to section 2021;

(9) an analysis of the key opportunities and challenges for achieving favorable results in the next 4-year period;

(10) a mechanism for ensuring that policies and programs undertaken pursuant to the strategy inform and are informed by, build upon, contribute to, and otherwise advance policies and programs pursuant to each of the other sector strategies required under this section;

(11) the amounts devoted to similar purposes in the previous 4-year period, the results achieved and the lessons learned; and

(12) the requirements for human and financial resources and overseas infrastructure to carry out the strategy over the next 4-year period.

(c) CONSULTATION.—In preparing each strategy required under subsection (a), the Administrator shall consult with the appropriate congressional committees and a wide range of relevant stakeholders to ensure that the strategy is appropriate to local needs and conditions and incorporates the views of partner countries.

(d) REVIEW AND COORDINATION.—Each strategy prepared under subsection (a) shall be transmitted to the Interagency Policy Committee on Global Development established under section 1020 to ensure coordination with the United States Global Development Strategy and all other United States policies and programs pertaining to that sector.

(e) TRANSMISSION TO CONGRESS.—

(1) SCHEDULE.—At the time of transmission of the United States Strategy for Global Development pursuant to section 1017, the Administrator shall transmit to the appropriate congressional committees a schedule for the completion within the next 2 years of an initial strategy for each of the goals described in section 1014.

(2) REGULAR TRANSMISSION.—Each strategy prepared under subsection (a) shall be transmitted to the appropriate congressional committees.

(3) PUBLIC AVAILABILITY.—Each strategy prepared under subsection (a) shall be published on the Internet website of the Agency not later than 3 days after it is transmitted to the appropriate congressional committees.

(4) REVISIONS.—

(A) IN GENERAL.—A strategy prepared under subsection (a) and transmitted pursuant to paragraph (2) may be revised at any time, but any significant revision to such strategy shall be subject to the same consultation, review, and transmission requirements that are applicable to a strategy prepared under subsection (a).

(B) DEFINITION.—In this paragraph, the term ''significant revision'' means a change—

(i) to a goal, objective, or indicator;

(ii) in the general nature of the policies and programs to be supported;

(iii) in the priority countries, regions, or intended beneficiaries; or

(iv) of more than 10 percent of the proportion of resources to be provided to a policy or program.

(f) IMPLEMENTATION.—None of the funds made available under section 1015 may be used to carry out a strategy prepared under subsection (a) until at least 15 days after the strategy is transmitted to the appropriate congressional committees pursuant to subsection (e).

SEC. 1020. INTERAGENCY POLICY COMMITTEE ON GLOBAL DEVELOPMENT.

(a) ESTABLISHMENT.—The President shall establish an Interagency Policy Committee on Global Development (in this section referred to as the ''Committee'') to coordinate United States budgets, policies, and programs affecting international development.

(b) MEMBERSHIP.—The Committee shall be composed of the Administrator and a senior representative of each Federal agency with policies or programs significantly affecting international development.

(c) CHAIRPERSON.—The President shall designate a member of the Committee to serve as its Chairperson, who shall report directly to the President.

(d) VICE CHAIRPERSON.—If the Administrator is not designated as Chairperson pursuant to subsection (c), then the Administrator shall serve as Vice Chairperson of the Committee.

(e) MEETINGS.—

(1) REGULAR MEETINGS.—Meetings of the Committee shall be held not less often than quarterly.

(2) ADDITIONAL MEETINGS.—In addition to its regular meetings, the Committee shall meet subject to the call of the Chairperson or the Vice Chairperson.

(f) SUBORDINATE UNITS.—The Committee may establish such subordinate units as it determines necessary.

(g) DUTIES.—The Committee shall—

(1) advise the President with respect to the coordination of United States budgets, policies, and programs affecting international development, including programs of bilateral and multilateral development assistance;

(2) promote policy consistency and coherence, and minimize program gaps and duplication;

(3) prepare, on a quadrennial basis, a comprehensive strategy to further the United States foreign policy objective of reducing global poverty, as described in section 1017;

(4) review, upon completion, Country Development Cooperation Strategies required under section 1018, and ensure that such strategies are coordinated with the United States Strategy for Global Development and all other United States policies and programs relating to the partner country;

(5) review, upon completion, the sector strategies for development prepared under section 1019, and ensure that such strategies are coordinated with the United States Strategy for Global Development

and all other United States policies and programs relating to that sector;

(6) monitor and evaluate the results and impact of the development policies and programs carried out by each Federal agency;

(7) facilitate coordination, cooperation, and information sharing among Federal agencies; and

(8) define and rationalize the role of each Federal agency in carrying out development policies and programs.

(h) STAFFING.—

(1) IN GENERAL.—The Administrator shall provide administrative and staff support to the Committee.

(2) OTHER AGENCIES.—The head of a Federal agency represented on the Committee may temporarily assign, upon the request of the Chairperson, one or more employees from the agency to the staff of the Committee.

SEC. 1021. GLOBAL DEVELOPMENT COUNCIL.

(a) POLICY.—To help protect national security and further United States economic, humanitarian, and strategic interests in the world, it is the policy of the United States Government to promote and elevate development as a core pillar of United States power and chart a course

for development, diplomacy, and defense to reinforce and complement one another. The successful pursuit of development is essential to advancing United States national security objectives: security, prosperity, respect for universal values, and a just and sustainable international order. The effectiveness of this development policy will depend in large measure on how the United States engages with partners, beneficiaries of development assistance, and stakeholders. The United States will use evidence-based decisionmaking in all areas of United States development policy and programs, and will foster development expertise and learning worldwide.

(b) ESTABLISHMENT.—

(1) IN GENERAL.—The President shall establish a Global Development Council (in this section referred to as the ''Council'') to advise and support the President in furtherance of the policy set out in subsection (a).

(2) LOCATED WITHIN AGENCY.—The Council shall be established for administrative purposes within the Agency, subject to the foreign policy and budgetary guidance of the Secretary.

(c) MEMBERSHIP.—

(1) IN GENERAL.—The Council shall be composed of the following:

(A) Not more than 12 individuals from outside the United States Government appointed by the President. Such members may serve as representatives of a variety of sectors, including, among others, institutions of higher education, non-profit and philanthropic organizations, civil society, and private industry.

(B) The Secretary of State, the Secretary of the Treasury, the Secretary of Defense, the Administrator of the United States Agency for International Development, and the Chief Executive Officer of the Millennium Challenge Corporation, who—

(i) shall serve as non-voting members of the Council; and

(ii) may designate, to perform the Council functions of the member, a senior-level official who is part of the member's department, agency, or office, and who is a full-time officer or employee of the Federal Government.

(2) CHAIR AND VICE CHAIR.—The President shall designate a member of the Council to serve as Chair and another member to serve as Vice Chair. The Chair shall convene and preside at meetings of

the Council, determine meeting agendas, and direct its work. The Vice Chair shall perform the duties of the Chair in the absence of the Chair and shall perform such other functions as the Chair may assign.

(3) TERMS.—The term of office of a member appointed by the President from outside the United States Government shall be 2 years, and such member shall be eligible for reappointment and may continue to serve after the expiration of such term until the President appoints a successor. A member appointed to fill a vacancy shall serve only for the unexpired term of such vacancy.

(d) FUNCTIONS.—The Council shall meet regularly and shall—

(1) inform the policy and practice of United States global development policy and programs by providing advice to the President and other senior officials on issues including—

(A) innovative, scalable approaches to development with proven demonstrable impact, particularly on sustainable economic growth and good governance;

(B) areas for enhanced collaboration between the United States Government and public

and private sectors to advance development policy;

(C) best practices for and effectiveness of research and development in low and middle income economies; and

(D) long-term solutions to issues central to strategic planning for United States development efforts;

(2) support new and existing public-private partnerships by—

(A) identifying key areas for enhanced collaboration and any barriers to collaboration; and

(B) recommending concrete efforts that the private and public sectors together can take to promote economic development priorities and initiatives; and

(3) increase awareness and action in support of development by soliciting public input on current and emerging issues in the field of global development as well as bringing to the President's attention concerns and ideas that would inform policy options.

(e) ADMINISTRATION AND RELATED MATTERS.—

(1) IN GENERAL.—The heads of executive departments and agencies shall assist and provide in-

formation to the Council, consistent with applicable law, as may be necessary to carry out the functions of the Council.

(2) FUNDING AND ADMINISTRATIVE SUPPORT.—Funding and administrative support for the Council shall be provided by the Agency to the extent permitted by law and within existing appropriations.

(3) EXECUTIVE DIRECTOR.—The Administrator shall appoint an Executive Director who shall be a Federal officer or employee of the Agency and serve as a liaison to the Administrator and the Executive Office of the President and consult with relevant Federal departments, agencies, and offices on matters and activities pertaining to the Council.

(4) COMPENSATION; TRAVEL EXPENSES.—The members of the Council who are appointed from outside the Federal Government shall serve without compensation for their work on the Council. Members of the Council may receive travel expenses, including per diem in lieu of subsistence, in accordance with applicable provisions under subchapter I of chapter 57 of title 5, United States Code.

(5) To the extent as the Federal Advisory Committee Act applies to the Council, any functions of

the President under such Act, except functions relating to reporting to Congress, shall be performed by the Administrator in accordance with the guidelines issued by the Administrator of General Services.

(f) TERMINATION.—

(1) IN GENERAL.—Except as provided in paragraph (2), the Council shall terminate on the date that is 2 years after the date of the enactment of this Act.

(2) EXTENSION.—The Council may be extended by the President for additional two-year periods.

(3) REPORT.—Prior to exercising the authority under paragraph (2) to extend the Council, the President shall submit to the appropriate congressional committees a report on the activities of the Council during the previous two-year period.

SEC. 1022. DEVELOPMENT EDUCATION.

The Administrator is authorized to use up to $1,000,000 of amounts made available under section 1015 in any fiscal year to support expansion and improvement of United States education about global poverty, the process and challenges of international development, and the interdependence of the United States and developing countries.

SEC. 1023. DEFINITIONS.

In this subtitle:

(1) AGRICULTURE.—The term ''agriculture'' means the science and practice of activities related to food, feed, livestock, or fiber production, processing, marketing, distribution, utilization, and trade, and encompasses the study and practice of family and consumer sciences, nutrition, food sciences, forestry, wildlife, fisheries, aquaculture, floraculture, livestock management, veterinary medicine, and other environmental and natural resource sciences.

(2) AGRICULTURAL DEVELOPMENT.—The term ''agricultural development'' means methods to use agriculture as a basis for food security, family livelihood, and economic growth by—

(A) increasing the productivity of those involved in the production of food, fuel, and fiber, including farmers, fishers, foresters, and pastoralists, particularly those that operate on a small scale;

(B) linking producers to consumers through markets, including postharvest activities such as storage, processing, transport, and improving market efficiency;

(C) supporting a legal, regulatory, and policy environment that is conducive to agricultural investment and production; and

(D) strengthening technical, financial, and business service providers that help food producers grow their enterprises.

(3) COUNTRY SYSTEMS.—The term ''country systems'' means the public financial management, procurement, disbursement, and monitoring and evaluation systems of a country.

(4) DEVELOPING COUNTRY.—The term ''developing country'' means a country or area that is on the List of Official Development Assistance Recipients of the Development Assistance Committee of the Organization for Economic Cooperation and Development.

(5) DEVELOPMENT STAKEHOLDER.—The term ''development stakeholder''—

(A) means an entity directly or indirectly affected by the success of efforts to reduce poverty and promote self-sustaining, equitable, and environmentally sound economic growth in a partner country; and

(B) includes—

(i) national, regional, and local governments and administering authorities, intermediate representative institutions, civil society organizations, and intended beneficiaries, including marginalized groups;

(ii) Federal agencies, congressional committees, the Government Accountability Office, and private partners; and

(iii) bilateral, multilateral, and private donors.

(6) FOOD SECURITY.—The term ''food security'' means that all people at all times have both physical and economic access to sufficient food to meet their dietary needs for a healthy and active life.

(7) RELEVANT STAKEHOLDER.—The term ''relevant stakeholder''—

(A) means a party that is—

(i) directly or indirectly affected by a particular law, regulation, policy, process, program, project, or activity; or

(ii) involved in the funding, design, implementation, auditing, or oversight thereof; and

(B) includes—

(i) national, regional, and local governments and administering authorities, intermediate representative institutions, civil society organizations, and intended beneficiaries, including marginalized groups;

(ii) Federal agencies, congressional committees, the Government Accountability Office, and private partners; and

(iii) bilateral, multilateral, and private donors.

CHAPTER 1—ACCELERATING ECONOMIC GROWTH

SEC. 1101. FINDINGS AND STATEMENT OF POLICY.

(a) FINDINGS.—Congress finds the following:

(1) Broad-based and sustainable economic growth is the most powerful engine for reducing poverty, and is key to advancing human development. It is the surest way for countries to generate the resources they need to address illiteracy, poor health, and other development challenges on their own.

(2) By expanding incomes, economic growth helps families and individuals not only to meet their basic needs, but also to realize their unique capabili-

ties, exercise greater freedom in their lives, and achieve their full human potential.

(3) Economic growth enables countries to offer better markets for United States goods and services and to become more effective partners with the United States in working toward a more stable, healthy, and prosperous world.

(4) Well-functioning, dynamic private markets promote economic activity and accelerate growth, providing increased incomes and employment.

(5) To encourage entrepreneurship and private investment, developing countries must create a favorable legal, policy and regulatory environment; an efficient and accountable system of public financial management; fair, transparent and predictable enforcement of property rights and contracts; effective procedures for resolving economic disputes among firms and individuals; and rigorous efforts to stem bribery and corruption.

(6) Even where markets are functioning well, differential access to education, technology, credit and other resources can cause economic benefits to be uneven. Expanding economic opportunity and access to the tools that help citizens engage in the market economy enables the poor, women and other

marginalized groups to participate in and contribute to economic growth.

(7) An abundance of young people in a country with a weak economy and non-responsive government can leave individuals frustrated by the lack of jobs and opportunities. But youth are also key human resources for growth and positive change. When governments embrace policies that promote education, economic opportunities, the empowerment of women, and equitable access to resources, countries can capitalize on the productivity of a growing workforce to boost economic growth.

(8) Expanding trade regionally and internationally is critical for many of the smallest and poorest developing countries, where local demand is too weak to support large-scale expansion of production, employment, and incomes. Building trade capacity and removing trade barriers are essential to lasting economic growth.

(9) Heavy debt burdens, often accumulated under prior, undemocratic regimes, can undermine the ability of developing countries to invest in their people and make progress fighting poverty.

(10) United States international trade and economic policies are often formulated with little rec-

ognition or consideration of their impact on developing countries. More active participation by the Agency in interagency decisionmaking processes can help achieve greater balance among competing United States interests, ensuring that development is duly considered as a priority of United States foreign policy.

(b) STATEMENT OF POLICY.—It is the policy of the United States to work in cooperation with the international community to help partner countries achieve broad-based and sustainable economic growth that—

(1) includes all major income groups, marginalized groups and women;

(2) significantly reduces poverty;

(3) uses natural resources responsibly; and

(4) reduces dependence on foreign assistance.

SEC. 1102. GOAL AND OBJECTIVES.

(a) GOAL.—The goal of assistance under this chapter is to accelerate broad-based and sustainable economic growth.

(b) OBJECTIVES.—In furtherance of the goal described in subsection (a), assistance under this chapter shall be designed to help partner countries achieve the following objectives:

(1) Increase income-generating opportunities.

(2) Expand access to markets, capital, credit, land, and other productive resources.

(3) Enhance productivity through education and training.

(4) Improve the legal, regulatory and policy environment for business and trade.

(5) Build human and institutional capacity to compete in the global economy.

SEC. 1103. GLOBAL STRATEGY FOR ECONOMIC GROWTH.

(a) IN GENERAL.—The strategy required under section 1019 with respect to accelerating economic growth shall be known as the ''Global Strategy for Economic Growth''.

(b) CONTENTS.—The Global Strategy for Economic Growth shall include, in addition to the elements required under section 1019(b), plans for achieving the goal and objectives of section 1102.

(c) GUIDELINES.—The Global Strategy for Economic Growth should—

(1) specify the role of microfinance and microenterprise development, including the resources to be devoted to promoting microenterprise;

(2) identify United States policies relating to trade, agriculture, debt, and other matters that have an impact on economic growth in developing coun-

tries, and recommend changes that would enhance development objectives;

(3) plan for long-term sustainability through linkages to regional and international markets and private investment;

(4) include mechanisms for increasing consultation, cooperation, and coordination with the private sector, in order to attract greater private sector participation in development activities;

(5) address the impact of remittances and identify ways that their development impact can be maximized;

(6) recommend methods for reducing illicit outflows of natural resources and capital from developing countries; and

(7) establish mechanisms for improving policy and program coordination among Federal agencies engaged in economic growth activities.

SEC. 1104. ASSISTANCE FOR ECONOMIC GROWTH.

(a) AUTHORIZATION.—The Administrator is authorized to use funds made available under section 1015 to further the goal and objectives of this chapter in partner countries.

(b) ACTIVITIES.—Assistance authorized under subsection (a) shall include the following:

(1) Expanding income generating opportunities for the poor, including women.

(2) Enhancing the workforce by, among other things, providing job training and vocational skills appropriate to local needs and conditions.

(3) Improving access, particularly of women and the poor, to markets and productive resources, including credit and financial services, affordable and resource-conserving technologies, technical and market-related information, and property and inheritance rights.

(4) Strengthening the legal, policy, and regulatory framework for broad-based and sustainable economic growth, including the protection of private property and intellectual property.

(5) Supporting the development of cooperatives, credit unions, and labor unions.

(6) Expanding local capacity and demand for collection and analysis of statistical information.

(7) Promoting the development, reform or restructuring, as appropriate, of financial, monetary, fiscal and regulatory systems.

(8) Building and strengthening institutional capacities to plan, analyze, implement, manage, monitor and evaluate economic policies and programs.

(9) Promoting sound financial management practices and budgetary policies, and reducing corruption, waste, fraud and abuse.

(10) Increasing private sector competitiveness, strengthening local and regional markets, building trade capacity, and expanding trade ties.

(11) Promoting collaboration between public and private sector entities for the reduction of poverty and its worst physical manifestations, and encouraging private sector investment in projects benefitting the poor.

(12) Facilitating the development of social safety nets, pension plans, insurance networks, and other mechanisms designed to improve income security.

(13) Protecting internationally recognized worker rights, especially with regard to child labor.

(14) Developing and identifying analytical tools and methodologies to enable effective targeting and measurement of programs for women, the poor and very poor.

(15) Increasing the transparency of budgets and procurement processes, and the effectiveness of oversight, monitoring, accountability and audit mechanisms.

SEC. 1105. FISCAL AND CONTRACT TRANSPARENCY.

(a) ESTABLISHMENT OF INTERNATIONAL STANDARDS.—The United States Government should seek, in appropriate multilateral fora, to establish voluntary international standards of fiscal and contract transparency, such as the public disclosure of budget documentation, including receipts and expenditures by ministry, and government contracts and licenses for natural resource extraction, including bidding and concession allocation practices.

(b) PARTNERSHIPS FOR TRANSPARENCY.—The Administrator is authorized to use funds made available under this chapter to support improvements to fiscal and contract transparency in partner countries.

(c) REQUIREMENT.—The Administrator shall not provide direct government-to-government assistance under this Act for any government that fails to make its national budget publicly available on an annual basis.

(d) DEFINITION.—In this section, the term ''government-to-government assistance'' means assistance for a project or activity that is managed directly by a partner government entity using its own financial management and procurement systems.

Subchapter A—Microenterprise Development Assistance

SEC. 1111. FINDINGS AND STATEMENT OF POLICY.

(a) FINDINGS.—Congress finds the following:

(1) Access by women and the poor to financial and business development services is a vital factor in reducing poverty and promoting sustainable economic growth in developing countries.

(2) Microfinance and microenterprise development programs have demonstrated high impact and long-term sustainability because they build capacity for self-help among the poor, especially women, thereby broadening the base for and increasing the inclusiveness of economic growth.

(3) In order to ensure that microenterprise programs promote the maximum financial inclusion of women, gender analysis should be integrated into microenterprise program design, implementation, monitoring and evaluation.

(4) A comprehensive approach to microenterprise development includes support for the provision of credit, savings, insurance, education and training, technical assistance, business development, and other financial services to women, poor people, and other marginalized groups.

(5) Microenterprise development and microfinance are particularly important to enhancing the livelihoods of refugees, displaced persons, and those affected by conflict, whose routine employment op-

portunities and access to productive resources have been reduced or disrupted.

(6) Microenterprise and microfinance activities should be thoroughly integrated into all aspects of development, especially including agriculture and health.

(7) United States Government support for microfinance and microenterprise development should complement private initiatives in this area by focusing on those who lack access to formal financial services, and on countries and sectors that have been underserved by private capital flows.

(8) United States Government funds should be used to catalyze and attract additional resources, including private sector funds, investment funds, and the savings of the poor, such as through matching fund opportunities and challenge grants.

(9) United States Government-supported microfinance lending should accept a higher level of risk than private lending in order to promote innovative products and methodologies and serve poorer and harder-to-reach populations.

(10) United States Government support for microenterprise development and microfinance should build the capacity of local institutions in order to en-

able them to better meet the credit, savings, and training needs of microfinance and microenterprise clients.

(11) Microfinance and microenterprise activities, especially those benefitting the very poor, should be a significant component of development assistance.

(b) STATEMENT OF POLICY.—It is the policy of the United States to promote a global strategy of financial inclusion for all, and especially the very poor and women, through support for microfinance and microenterprise development in partner countries.

SEC. 1112. MICROENTERPRISE FUND.

(a) IN GENERAL.—The Administrator shall establish a centrally managed fund for microfinance and microenterprise development activities, to be known as the ''Microenterprise Fund''. Assistance provided through the Microenterprise Fund shall be in addition to assistance otherwise made available for such purposes.

(b) ACTIVITIES.—Assistance provided through the Microenterprise Fund shall be used to advance the policy described in section 1111(b), including through the following activities:

(1) Expanding the availability of credit, savings and other financial and nonfinancial services to microfinance and microenterprise clients.

(2) Training, technical assistance and business development services for microenterprises.

(3) Capacity-building for microfinance and microenterprise institutions.

(4) Improving the legal and regulatory environment for microenterprise and for financial institutions that serve the poor and very poor.

(5) Developing new and innovative microfinance and microenterprise products and services.

(6) Developing, identifying and testing tools that facilitate better targeting of programs to the very poor, women, and other disadvantaged groups.

(7) Providing targeted core support for microfinance and microenterprise networks and other practitioners.

(c) TARGETING OF ASSISTANCE.—

(1) VERY POOR AND WOMEN.—At least 50 percent of the assistance provided through the Microenterprise Fund shall be targeted to microenterprise clients who are very poor, and a significant proportion of such assistance shall be targeted to women.

(2) POVERTY ASSESSMENT TOOLS.—In targeting assistance pursuant to paragraph (1), the Administrator shall identify, field-test, and certify for use no fewer than two low-cost methods to assess the poverty levels of incoming or prospective clients of microenterprise institutions, and shall require that all private partners use one of the certified methods.

(d) PRIVATE PARTNERS.—Assistance provided through the Microenterprise Fund shall emphasize the use of private partners who—

(1) match such assistance, to the greatest extent practicable, with non-United States Government resources, including funds from other donors, commercial or concessional borrowing, participant savings, and program income;

(2) maintain low overhead and administrative costs;

(3) are highly technically competitive;

(4) design their programs to meet the needs of women;

(5) target their resources at the very poor;

(6) design their programs for maximum financial sustainability; and

(7) adopt robust client protection principles and incorporate them into their practices.

SEC. 1113. OFFICE OF MICROENTERPRISE DEVELOPMENT.

(a) ESTABLISHMENT.—There is established within the Agency an Office of Microenterprise Development (hereafter in this section referred to as the ''Office''), which shall be headed by a Director who shall be appointed by the Administrator and who should possess technical expertise and ability to offer leadership in the field of microenterprise development.

(b) RESPONSIBILITIES.—The Office shall be responsible for—

(1) administering the Microenterprise Fund established under section 1112;

(2) developing a comprehensive and coherent plan, which shall be made available to the public, for promoting financial inclusion for all through microfinance and microenterprise development programs;

(3) ensuring that such plan is integrated into the Global Strategy for Economic Growth described in section 1103 and other country and sector strategies for development, as appropriate;

(4) advising and providing technical support to Agency missions regarding the design and implementation of microfinance and microenterprise develop-

ment programs, including through incorporation of such programs into Country Development Cooperation Strategies;

(5) setting performance goals and indicators to ensure that microfinance and microenterprise development activities benefit the very poor and women; and

(6) collecting and disseminating detailed data to document the impact of microfinance and microenterprise development activities on the very poor and women.

SEC. 1114. DEFINITIONS.

In this subchapter:

(1) MICROENTERPRISE.—The term ''microenterprise'' means a firm of 10 or fewer employees, including unpaid workers, which is owned and operated by someone who is poor.

(2) MICROFINANCE.—The term ''microfinance'' means activities to provide, or to increase the availability of, credit, savings, insurance, and other financial services to microenterprises.

(3) VERY POOR.—The term ''very poor'' refers to individuals whose incomes are—

(A) in the bottom 50 percent of those below the poverty line in their country of residence; or

(B) below the World Bank international extreme poverty line.

Subchapter B—Small and Medium Enterprise Development

SEC. 1121. FINDINGS AND STATEMENT OF POLICY.

(a) FINDINGS.—Congress finds the following:

(1) Small and medium enterprises (SMEs) are key drivers of competition, growth, and job creation, particularly in developing countries. They make up an estimated 90 percent of businesses and over 50 percent of employment worldwide.

(2) Access to financial services for SMEs remains severely constrained in many emerging markets.

(3) The global financial crisis created a financing gap that particularly affected SMEs, making it more difficult for these enterprises to find the capital to grow their businesses and create jobs.

(4) Even as liquidity is restored to financial institutions, lending volumes remain depressed and SMEs still have limited access to financing.

(5) The lack of agribusinesses in rural areas has contributed to the growth of urban slums and a burgeoning population of disaffected youth.

(6) Increasing access to finance for SMEs is best achieved by increasing the depth and breadth of local financial markets and boosting the competitiveness of the private financial sector.

(7) Enabling growth—and ensuring that poor people can participate—requires an environment where people are able to start and grow businesses, as well as create more jobs.

(b) STATEMENT OF POLICY.—It is the policy of the United States to encourage entrepreneurship and expand the formal sector in partner countries by—

(1) building the capacity of SMEs;

(2) increasing SME access to financial services, technology, training, and other resources; and

(3) reducing the legal and bureaucratic hurdles to starting a business.

SEC. 1122. ASSISTANCE FOR SMALL AND MEDIUM ENTERPRISES.

The Administrator is authorized to use funds made available under this chapter for programs to encourage entrepreneurship and strengthen small and medium enterprises in partner countries, including:

(1) Training in entrepreneurship, including basic business management, accounting, bookkeeping, marketing, risk management, and computer skills.

(2) Agriculture entrepreneurship training, particularly to increase employment opportunities in rural areas.

(3) Establishing youth entrepreneurship programs in schools or through community partnerships with business and youth organizations to promote economic skills, ethics, integrity, and healthy life skills among youth.

(4) Strengthening laws, regulations, and enforcement mechanisms to protect national and international intellectual property rights and to protect the people and industries of developing countries against imported counterfeit goods.

(5) Combating anti-competitive, unethical, and corrupt practices.

(6) Improving the technology and information resources of financial institutions and small and medium enterprises.

(7) Promoting the establishment of lending programs of financial institutions for small and medium enterprises.

(8) Developing internal credit rating systems and credit assessment tools that improve the ability of financial institutions to evaluate risk.

(9) Programs specifically targeted to small and medium enterprises owned by women, youth, and displaced persons.

SEC. 1123. DEFINITION.

In this subchapter, the term ''small and medium enterprise'' means a corporation, sole proprietorship, partnership, or other legal entity that—

(1) has its principal place of business in a partner country;

(2) is owned or controlled by persons who are citizens of such partner country; and

(3) has fewer than 50 employees.

Subchapter C—Other Programs

SEC. 1131. DEVELOPMENT CREDIT AUTHORITY.

(a) AUTHORIZATION OF CREDIT.—

(1) IN GENERAL.—The Administrator is authorized to provide direct loans, loan guarantees, and other investments involving the extension of credit to achieve any of the goals of this subtitle in cases in which—

(A) the borrowers or activities are determined to be sufficiently creditworthy and do not otherwise have access to such credit; and

(B) the use of credit authority is appropriate to the achievement of such goals.

(2) DESIGNATION.—Assistance authorized under this subsection shall be known as the ''Development Credit Authority''.

(b) PRIORITY ACTIVITIES.—To the maximum extent practicable, the Administrator shall give preference to providing assistance authorized under subsection (a) to promote—

(1) the policy described in section 1111(b);

(2) sustainable urban and environmental activities described in chapters 5 and 6; and

(3) policy and institutional reforms in accordance with the objectives of this chapter.

(c) DEFAULT AND COMMODITY PROVISIONS.—

(1) DEFAULT PROVISION.—For purposes of this Act, the default of a private sector recipient of assistance provided under this section shall not be considered to be the default of the government of the country in which the private sector recipient is located.

(2) COMMODITY PROVISION.—Assistance may be provided under this section without regard to commodity restrictions (as such term is defined in section 11001).

(d) TERMS AND CONDITIONS OF CREDIT ASSISTANCE.—

(1) IN GENERAL.—Assistance provided under this section shall be offered on such terms and conditions, including fees charged, as the Administrator may determine.

(2) LIMITATION.—The principal amount of loans made or guaranteed under this section in any fiscal year, with respect to any single country or borrower, may not exceed $100,000,000.

(3) FRAUD AND MISREPRESENTATION.—No payment may be made under any guarantee issued under this section for any loss arising out of fraud or misrepresentation for which the party seeking payment is responsible.

(e) FULL FAITH AND CREDIT.—All guarantees issued under this section shall constitute obligations, in accordance with the terms of such guarantees, of the United States of America and the full faith and credit of the United States of America is hereby pledged for the

full payment and performance of such obligations to the extent of the guarantee.

(f) CO-FINANCING AND RISK SHARING.—

(1) IN GENERAL.—Assistance provided under this section shall be in the form of co-financing or risk sharing.

(2) REQUIREMENT.—Credit assistance may not be provided to a borrower under this section unless the Administrator determines that there are reasonable prospects of repayment by such borrower.

(3) ADDITIONAL REQUIREMENT.—The investment or risk of the United States in any one development activity may not exceed 80 percent of the total outstanding investment or risk.

(g) ELIGIBLE BORROWERS.—

(1) IN GENERAL.—In order to be eligible to receive credit assistance under this section, a borrower shall be sufficiently credit worthy so that the estimated costs (as defined in section 502(5) of the Federal Credit Reform Act of 1990) of the proposed credit assistance for the borrower does not exceed 30 percent of the principal amount of credit assistance to be received.

(2) ADDITIONAL REQUIREMENT.—

(A) IN GENERAL.—With respect to the eligibility of a foreign government as an eligible borrower under this section, the Administrator shall make a determination that the additional debt of the government will not exceed the debt repayment capacity of the government.

(B) CONSULTATION.—In making a determination under paragraph (A), the Administrator shall consult, as appropriate, with international financial institutions and other institutions or agencies that assess debt service capacity.

(h) ASSESSMENT OF CREDIT RISK.—

(1) IN GENERAL.—The Administrator shall use the Interagency Country Risk Assessment System (ICRAS) and the methodology approved by the Office of Management and Budget to assess the cost of risk credit assistance provided under this section to foreign governments.

(2) CONSULTATION.—With respect to the provision of credit to nongovernmental organizations, the Administrator—

(A) shall consult with appropriate private sector institutions, including large United States private sector debt rating agencies, prior

to establishing the risk assessment standards and methodologies to be used; and

(B) shall periodically consult with such institutions in reviewing the performance of such standards and methodologies.

(3) USE OF COST AND RISK ASSESSMENT DETERMINATIONS OF PRIVATE SECTOR CO-FINANCING ENTITIES.—In addition, if the anticipated share of financing attributable to public sector owned or controlled entities, including the Agency, exceeds 49 percent, the Administrator shall determine the cost (as defined in section 502(5) of the Federal Credit Reform Act of 1990) of such assistance by using the cost and risk assessment determinations of the private sector co-financing entities.

(i) RETENTION OF RECEIPTS COLLECTED.—Receipts collected pursuant to this section, and the Federal Credit Reform Act of 1990, in an amount not to exceed the amount appropriated for a fiscal year, shall be credited as offsetting collections for Development Support Funds, and shall be used to reduce, on a dollar-for-dollar basis, appropriations for that purpose. Amounts collected in a fiscal year in excess of obligations shall remain available until expended.

SEC. 1132. TECHNICAL ASSISTANCE FOR FINANCIAL MANAGEMENT.

(a) ESTABLISHMENT OF PROGRAM.—

(1) IN GENERAL.—The Secretary of the Treasury, in consultation with the Secretary of State and the Administrator, is authorized to establish a program to provide technical assistance to foreign governments and foreign central banks of partner countries.

(2) ROLE OF SECRETARY OF STATE.—The Secretary of State shall provide foreign policy guidance to the Secretary of the Treasury to ensure that the program established under this subsection is effectively coordinated with United States foreign policy.

(3) ROLE OF ADMINISTRATOR.—The Administrator shall provide development guidance to the Secretary of the Treasury to ensure that the program established under this subsection is effectively coordinated with United States development policy and furthers the goals of this subtitle.

(b) CONDUCT OF PROGRAM.—

(1) IN GENERAL.—In carrying out the program established under subsection (a), the Secretary of the Treasury shall provide economic and financial technical assistance to foreign governments and foreign central banks of partner countries by providing

1 advisers with appropriate expertise to advance the
2 enactment of laws and establishment of administra-
3 tive procedures and institutions in such countries to
4 promote financial integrity, financial inclusion, con-
5 sumer protection, financial education, macro-
6 economic and fiscal stability, efficient resource allo-
7 cation, transparent and market-oriented processes
8 and sustainable private sector growth.

9 (2) ADDITIONAL REQUIREMENTS.—To the ex-
10 tent practicable, such technical assistance shall be
11 designed to establish—

12 (A) tax systems that are fair, objective,
13 and efficiently gather sufficient revenues for
14 governmental operations;

15 (B) debt issuance and management pro-
16 grams that rely on market forces;

17 (C) budget planning and implementation
18 that permits responsible fiscal policy manage-
19 ment;

20 (D) commercial banking sector develop-
21 ment that efficiently intermediates between sav-
22 ers and investors; and

23 (E) financial law development and enforce-
24 ment to protect the integrity of financial sys-

tems, financial institutions, and government programs.

(3) EMPHASIS ON ANTI-CORRUPTION.—Such technical assistance shall include elements designed to combat anti-competitive, unethical, and corrupt activities, including protection against actions that may distort or inhibit transparency in market and trade mechanisms and, to the extent applicable, privatization procedures.

(c) ADMINISTRATIVE REQUIREMENTS.—In carrying out the program established under subsection (a), the Secretary of the Treasury shall—

(1) in consultation with the Secretary of State and the Administrator, establish a methodology for identifying and selecting foreign governments and foreign central banks to receive assistance under the program;

(2) prior to selecting a foreign government or foreign central bank to receive assistance under the program, receive the concurrence of the Secretary of State with respect to the selection of such government or central bank and with respect to the cost of the assistance to such government or central bank;

(3) consult with the heads of appropriate Federal agencies and international financial institutions to avoid duplicative efforts with respect to those foreign countries for which such agencies or organizations provide similar assistance;

(4) ensure that the program is consistent with the global, sector, and country strategies being implemented by the Agency; and

(5) establish and carry out a plan to monitor and evaluate the program, consistent with the requirements of section 9201.

(d) ADMINISTRATIVE AUTHORITIES.—The administrative authorities applicable to the Secretary of State with respect to funds made available under this Act shall also be applicable to the Secretary of the Treasury with respect to funds made available under this section.

(e) ISSUANCE OF REGULATIONS.—The Secretary of the Treasury is authorized to issue such regulations with respect to personal service contractors as the Secretary determines necessary to carry out this section.

(f) RULE OF CONSTRUCTION.—Nothing in this section shall be construed to infringe upon the powers or functions of the Secretary of State (including the powers or functions described in section 103 of the Omnibus Diplomatic Security and Antiterrorism Act of 1986 (22

U.S.C. 4802)) or of any chief of mission (including the powers or functions described in section 207 of the Foreign Service Act of 1980 (22 U.S.C. 3927)).

(g) TERMINATION OF ASSISTANCE.—The Secretary of the Treasury shall conclude assistance activities for a recipient foreign government or foreign central bank under the program established under subsection (a) if the Secretary of the Treasury, after consultation with the appropriate officers of the United States, determines that such assistance has resulted in the enactment of laws or the establishment of institutions in that country that promote fiscal stability and administrative procedures, efficient resource allocation, transparent and market-oriented processes and private sector growth in a sustainable manner.

(h) DEFINITIONS.—In this section:

(1) INTERNATIONAL FINANCIAL INSTITUTION.—The term ''international financial institution'' means the International Monetary Fund, the International Bank for Reconstruction and Development, the International Development Association, the International Finance Corporation, the Multilateral Investment Guarantee Agency, the Asian Development Bank, the Asian Development Fund, the African Development Bank, the African Development

Fund, the Inter-American Development Bank, the Inter-American Investment Corporation, the European Bank for Reconstruction and Development, and the Bank for Economic Cooperation and Development in the Middle East and North Africa.

(2) TECHNICAL ASSISTANCE.—The term ''technical assistance'' includes—

(A) the provision of expert advisers to assist foreign governments and foreign central banks for the purposes described in subsection (b)(1);

(B) training in the partner country, the United States, or elsewhere for the purposes described in subsection (b)(1);

(C) grants of goods, services, or funds to foreign governments and foreign central banks for the purposes described in subsection (b)(1);

(D) grants to United States or local nonprofit organizations to provide services or products which contribute to the provision of advice to foreign governments and foreign central banks; and

(E) study tours for foreign officials in the United States or elsewhere for the purpose of providing technical information to such officials.

(3) FOREIGN PARTICIPANT.—The term ''foreign participant'' means a national of a partner country who has been designated to participate in activities under the program established under subsection (a).

CHAPTER 2—PROMOTING FOOD SECURITY

SEC. 1201. FINDINGS AND STATEMENT OF POLICY.

(a) FINDINGS.—Congress finds the following:

(1) Hunger robs the poor of a healthy and productive life and stunts the mental and physical development of the next generation. The persistence of widespread hunger and malnutrition constitutes an affront to shared moral values and humanitarian principles.

(2) Food insecurity and chronic hunger are expanding rapidly in developing countries, forcing millions of people into poverty, contributing to political and social instability, eroding economic growth, and undermining investments in basic education, health, environmental protection, and democratic institutions.

(3) Volatility and real increases in food prices, which are expected to grow as grain production fails to keep pace with rising demand, cause food insecu-

rity and hunger for poor people even when sufficient food is available on the market.

(4) The changing global climate, as well as the degradation of land and water resources, threatens food security, livelihoods and the environment worldwide but particularly for those already most vulnerable: the millions of rural poor in developing countries.

(5) The pressures on world food supplies and agricultural land use caused by population growth, rapid urbanization, energy, agricultural and trade policies in industrialized countries, water scarcity, and climate change require a global commitment to sustainable agriculture and the environment.

(6) Lack of transparent regulations, inconsistent and unpredictable public policies in developing and developed countries, and unreliable mechanisms to enforce contracts between businesses serve to undermine development goals, deter private investment, and limit the ability of agricultural producers and businesses to access capital. This situation reduces the incentives for agricultural producers to increase the quantity, quality, and value of their agricultural production.

(7) Reducing chronic hunger is essential to build a foundation for investments in health, education and economic growth. It is critical to the security and productivity of individuals, families, communities, and nations.

(8) Approximately three-quarters of people in developing countries live in rural areas, with the vast majority dependent on agriculture for their livelihoods. Agricultural development is a proven engine of growth that reduces global hunger and poverty.

(9) Women will be a pivotal force behind achieving a food secure world. In many developing countries, farming is done mostly by women. However, women only own 2 percent of land worldwide and often have limited access to agriculture inputs, loans, and opportunities to learn about improved techniques. When gains in income are controlled by women, they are more likely to be spent on food and children's needs, thus amplifying the benefits of investments in women across families and generations.

(10) The 1,000 days between a woman's pregnancy and her child's second birthday offer a unique window of opportunity to help families, communities, and countries break the cycle of poverty. Solutions to improve maternal and child nutrition in the

1,000-day window are readily available, affordable, and cost-effective, including vitamins and minerals and good nutritional practices, such as breastfeeding.

(11) A comprehensive approach to long-term food security should encompass improvements in—

(A) food availability, such that sufficient quantities of appropriate, necessary types of food are consistently available to all persons;

(B) food access, such that individuals have adequate incomes or other resources to consistently maintain an adequate diet, and food is allocated equitably within households;

(C) food utilization and consumption, such that people have the knowledge and basic sanitary conditions to choose, store, prepare and distribute food in a way that results in good nutrition for all family members;

(D) stability, such that the ability to access and utilize food remains stable and sustained over time, regardless of adverse weather conditions, political instability, or economic factors; and

(E) food quality and safety, such that food supplies provide adequate nutritional value, are

free of contamination, and are fit for human consumption.

(12) The greatest potential for significantly expanding availability of food for people in rural areas and augmenting world food production at relatively low cost lies in increasing the productivity of small farmers, who constitute a majority of the agricultural producers in developing countries.

(13) However, increasing the efficiency of agricultural producers alone will not result in higher incomes and reduced hunger unless surplus harvest and products can be sold in well-functioning local, national, regional, or international markets. Development of strong, integrated, local, national, and regional agriculture and food markets will increase the availability of safe and nutritious food, decrease local prices, and expand economic growth.

(14) The United States should emphasize policies and programs that assist developing countries to increase their national food security by improving their food policies and management and by strengthening national food reserves, with particular concern for the needs of the poor, through measures encouraging domestic production.

(15) The long-term food security of developing countries requires that adequate legal and procedural mechanisms are in place to protect local rights and the welfare of rural poor people who depend on agriculture for their livelihoods.

(16) While the United States cannot be expected to shoulder the majority of global investments in ending hunger and providing food security, the United States can and should lead the international community by demonstrating a sustained commitment and a comprehensive approach to meeting international goals and targets for reducing hunger and undernutrition.

(17) Partner countries should decide their needs, priorities, and strategies for agricultural development and food security through an open, participatory and inclusive process that takes into account the needs and views of poor people, women, and other marginalized groups. International efforts to improve food security and nutritional status are not sustainable over the long term without robust leadership and ownership by partner countries.

(18) Nongovernmental organizations and cooperatives are particularly important for combating food insecurity and increasing the sustainability of

public investments. Given their close ties to local communities, such organizations and cooperatives are often effective at ensuring that people who are very poor and vulnerable are consulted about and benefit from agricultural and nutrition programs.

(19) Educational and research institutions play a key role in developing the institutional capacity and human resources of developing countries, including the establishment and strengthening of agricultural research and extension services, the development of networks for scientific collaboration, the dissemination of improved methods and technologies, and the training of students, teachers, researchers and practitioners.

(20) With their convening authority and technical expertise, multilateral institutions play a central role in efforts to enhance food security by providing emergency assistance, undertaking research and analysis, offering a platform for sector-wide investments in agriculture, and providing a significant portion of the external financing for investment projects and programs in developing countries. They are important not only to mobilizing and coordinating donor country commitments, but also to pro-

moting global mutual accountability among donors, partner countries and other stakeholders.

(21) Public sector investments alone, while important, are not sufficient to sustainably reduce poverty and food insecurity. The private sector brings necessary financial resources, human capital, technological resources, intellectual property, market access, cutting-edge business practices, in-country networks, and other relevant experience.

(b) STATEMENT OF POLICY.—It is the policy of the United States to recognize the human right to food and to work in cooperation with the international community to end hunger and achieve universal food security.

SEC. 1202. GOAL AND OBJECTIVES.

(a) GOAL.—The goal of assistance under this chapter is to sustainably reduce global hunger.

(b) OBJECTIVES.—In furtherance of the goal of subsection (a), assistance under this chapter shall be designed to help partner countries achieve the following objectives:

(1) Accelerating inclusive agriculture sector growth.

(2) Improving nutritional status, especially of women and children and other vulnerable populations.

(3) Increasing resilience in vulnerable rural communities.

SEC. 1203. GLOBAL STRATEGY FOR FOOD SECURITY.

(a) IN GENERAL.—The strategy required under section 1019 with respect to food security shall be known as the ''Global Strategy for Food Security''.

(b) CONTENTS.—The Global Strategy for Food Security shall include, in addition to the elements required under section 1019(b), plans for achieving the goal and objectives of section 1202.

(c) GUIDELINES.—The Global Strategy for Food Security should—

(1) address the root causes of hunger that limit the potential of millions of people;

(2) reduce gender inequality and integrate gender concerns;

(3) promote climate-resistant and environmentally sustainable agricultural development;

(4) concentrate efforts and resources on core countries where the Rome Principles (as defined in section 1208) can best be realized;

(5) be tailored to improving the nutritional status of women, infants and children, particularly during the 1,000 day critical window of opportunity between a woman's pregnancy and her child's second

birthday, in which a set of proven nutrition interventions can dramatically improve the child's chances of surviving and living a healthy and prosperous life;

(6) invest in country-owned plans that are designed through an open, participatory, and inclusive process and support results-based programs and partnerships;

(7) strengthen strategic coordination to mobilize and align the resources of diverse partners and stakeholders;

(8) ensure a comprehensive approach that accelerates inclusive agricultural-led growth and improves nutrition, while also bridging humanitarian relief and sustainable development efforts;

(9) leverage the benefits of multilateral institutions so that priorities and approaches are aligned, investments are coordinated, and financial and technical assistance gaps are filled; and

(10) deliver on sustained and accountable commitments, using benchmarks and targets to measure progress toward shared goals, and hold the United States and other stakeholders publicly accountable for achieving results.

SEC. 1204. ASSISTANCE FOR PROMOTING FOOD SECURITY.

(a) AUTHORIZATION.—The Administrator is authorized to use funds made available under section 1015 to further the goal and objectives of this chapter.

(b) ACTIVITIES.—Assistance authorized under subsection (a) shall include—

(1) sustainably improving agricultural productivity by—

(A) increasing access to agricultural inputs, techniques, and technologies that are affordable and environmentally responsible;

(B) developing inputs, techniques, and technologies that are adapted to local conditions;

(C) expanding access to knowledge through agricultural extension;

(D) strengthening property rights to land and other productive assets;

(E) enhancing sustainability and resilience of production through sound environmental and natural resource management;

(F) increasing access to dependable and affordable financial and risk management services;

(G) strengthening agricultural producer organizations; and

(H) strengthening regional harmonization and coordination;

(2) expanding markets and trade by—

(A) increasing the quality and availability of market information for producers and enterprise owners;

(B) improving post-harvest market infrastructure;

(C) improving access to business development and financial services;

(D) enhancing animal, plant and food safety;

(E) reducing the time and cost of moving goods across borders;

(F) creating an enabling policy environment for agribusiness growth and private investment, including transparent regulations, consistent and predictable public policies, and reliable contract enforcement mechanisms;

(G) expanding access to larger and better functioning regional markets; and

(H) supporting regional development corridors;

(3) raising nutritional status by—

(A) supporting community-based programs to deliver nutrition education;

(B) improving diet quality and diversity, including in food assistance programs;

(C) expanding access to clean water and improved sanitation and promoting good hygiene practices;

(D) expanding delivery of nutrition services; and

(E) facilitating supplementary and therapeutic feeding;

(4) increasing resilience in vulnerable rural communities by—

(A) mitigating risks associated with drought, natural disasters, and disease;

(B) promoting secure access to land and natural resources;

(C) expanding access to financial services, training, and technical assistance for micro-enterprises and small businesses;

(D) supporting effective delivery and implementation of productive safety nets and social protection systems;

(E) building capacity to manage risk through early warning systems, vulnerability as-

sessment and mapping, emergency response strategies, and micro-insurance;

(F) increasing the benefits of local and regional food assistance procurement to smallholder farmers; and

(G) adopting and delivering extension and financial services and improved technologies to very poor communities; and

(5) supporting a participatory and inclusive process for determining needs, priorities, and strategies and holding stakeholders accountable for results by—

(A) expanding and facilitating the inclusion of women, rural poor people, and other marginalized groups in decisionmaking;

(B) building the capacity of the groups described in subparagraph (A) to participate effectively in decisionmaking;

(C) developing and enforcing legal protections for the rights and welfare of the groups described in subparagraph (A);

(D) setting meaningful benchmarks and selecting appropriate indicators for the chosen strategies;

(E) improving the quality and availability in partner countries of relevant data and analysis; and

(F) establishing and strengthening mechanisms for monitoring programs, measuring progress, evaluating outcomes, disseminating findings, and integrating best practices and lessons learned.

SEC. 1205. COLLABORATIVE AGRICULTURAL AND NUTRITION RESEARCH AND INNOVATION.

(a) PROGRAMS AUTHORIZED.—The Administrator is authorized to use funds made available under this chapter for collaborative agricultural and nutrition research and innovation programs, including—

(1) advancing the institutional capacity and human resources of developing countries, including the establishment and strengthening of national agricultural research and extension systems;

(2) conducting long-term collaborative research support programs with institutions of higher education in developing countries, including the training of students, teachers, extension specialists, nutritionists, and researchers;

(3) developing a global network for scientific collaboration on agricultural development, trade, research, and extension services;

(4) broadly disseminating agricultural research in developing countries, in partnership with public and private extension systems, cooperatives, and other civil society organizations;

(5) expanding learning opportunities about agriculture and nutrition for students, teachers, small-scale food producers, school administrators, community leaders, entrepreneurs, and the general public in developing countries through international internships and exchanges, graduate fellowships, faculty positions, and other means of education and extension, with a focus on reaching women food producers;

(6) incentivizing the development of new and innovative technology and methods to increase agricultural productivity and improve nutritional status;

(7) developing scalable and cost-effective programs for training the next generation of agricultural researchers and research administrators in partner countries;

(8) advancing women's leadership in science and technology through proactive recruitment, mentoring, and targeted research support;

(9) formulating approaches to improving agricultural and nutrition education and extension that is relevant to agricultural producers, their needs, and the local environment;

(10) creating platforms for improving national capacity to collect, develop, analyze, and disseminate agricultural, nutrition, and market data; and

(11) developing mechanisms to hold research institutions accountable for delivering technologies to agricultural producers.

(b) RESEARCH PRIORITIES.—In providing assistance for agricultural research under this section, the Administrator should give priority to research that—

(1) is aimed at improving food security;

(2) specifically addresses the nutritional needs of vulnerable populations;

(3) is appropriate to local conditions and practices;

(4) conserves the environment and natural resources and adapts to and mitigates the impacts of climate change; and

(5) builds local capacity.

SEC. 1206. BOARD FOR INTERNATIONAL FOOD AND AGRICULTURAL DEVELOPMENT.

(a) ESTABLISHMENT.—There is established a Board for International Food and Agricultural Development (hereafter in this section referred to as the ''Board''). The Board shall report to the Administrator.

(b) PURPOSE.—The purpose of the Board is to advise and assist the Administrator regarding the design and administration of assistance under section 1205.

(c) DUTIES.—The duties of the Board shall include—

(1) participating in the formulation of criteria for program design and project selection;

(2) evaluating the qualifications of interested institutions of higher education and the demonstrated commitment of such institutions to the purposes of this section;

(3) recommending appropriate focus countries for programs carried out under this section;

(4) assessing the impact of programs carried out under this section and making recommendations for improving the effectiveness of such programs; and

(5) advising the Administrator on such issues as the Administrator may request.

(d) MEMBERSHIP.—

(1) NUMBER AND APPOINTMENT.—The Board shall be composed of at least 7 members, of whom—

(A) not less than four members shall be representatives of institutions of higher education; and

(B) not less than three members shall be representatives of United States nongovernmental organizations or consortia of such organizations devoted to agricultural research, education, and development.

(2) TERMS.—

(A) IN GENERAL.—Subject to paragraph (2), the Administrator shall establish the term of membership for each member of the Board at the time of appointment.

(B) LIMITATIONS.—A term of membership to the Board may not exceed two years and a member of the Board may serve not more than two consecutive terms during the tenure of an Administrator.

(e) CHAIRPERSON AND VICE CHAIRPERSON.—The Chairperson and Vice Chairperson of the Board shall be designated by the Administrator at the time of appointment to the Board.

(f) REPORT.—

(1) IN GENERAL.—The Board shall submit to the Administrator on an annual basis a report that describes the activities of the Board during the preceding year and contains any other information that may be required by the Administrator.

(2) AVAILABILITY TO PUBLIC.—The Administrator shall make the report publicly available on the Internet website of the Agency.

(g) MEETINGS.—The Board shall hold not less than 3 meetings each year.

(h) SUBORDINATE UNITS.—The Board may create such subordinate units as may be appropriate for the performance of its duties.

(i) EXPENSES.—The Administrator may, on a case-by-case basis as the Administrator determines appropriate, reimburse members of the Board for expenses incurred in the performance of their duties (including per diem in lieu of subsistence while away from their homes or regular place of business).

SEC. 1207. ASSISTANCE TO INTERNATIONAL AND REGIONAL ORGANIZATIONS.

The Administrator is authorized to use funds made available under this chapter to build the long-term capacity of international, regional, and sub-regional organiza-

tions engaged in agricultural research and development and food security activities, including—

(1) the Food and Agricultural Organization;

(2) the World Food Program;

(3) the International Fund for Agricultural Development;

(4) the Global Agriculture and Food Security Program; and

(5) the Consultative Group on International Agricultural Research.

SEC. 1208. DEFINITIONS.

In this chapter:

(1) FOOD PRODUCERS.—The term ''food producers'' includes farmers, pastoralists, fishers, and other persons who cultivate or harvest plants or raise animals (terrestrial or aquatic) for consumption.

(2) INSTITUTIONS OF HIGHER EDUCATION.—The term ''institutions of higher education'' means—

(A) those colleges or universities in each State, territory, or possession of the United States, or the District of Columbia, now receiving, or which may hereafter receive, benefits under the Act of July 2, 1862 (known as the

First Morrill Act), or the Act of August 30, 1890 (known as the Second Morrill Act), which are commonly known as ''land-grant'' universities;

(B) institutions now designated or which may hereafter be designated as sea-grant colleges under the Act of October 15, 1966 (known as the National Sea Grant College and Program Act), which are commonly known as sea-grant colleges;

(C) Native American land-grant colleges as authorized under the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note); and

(D) other United States colleges and universities which—

(i) have demonstrable capacity in teaching, research, and extension (including outreach) activities in the agricultural sciences; and

(ii) can contribute effectively to the advancement of the goal and objectives of this chapter.

(3) ROME PRINCIPLES.—The term ''Rome Principles'' means the Rome Principles for Sustainable

Food Security, endorsed by 193 countries at the 2009 World Summit on Food Security, which are as follows:

(A) Invest in country-owned plans, aimed at channeling resources to well- designed and results-based programs and partnerships.

(B) Foster strategic coordination at national, regional and global level to improve governance, promote better allocation of resources, avoid duplication of efforts and identify response-gaps.

(C) Strive for a comprehensive twin-track approach to food security that consists of—

(i) direct action to immediately tackle hunger for the most vulnerable, and

(ii) medium- and long-term sustainable agricultural, food security, nutrition and rural development programs to eliminate the root causes of hunger and poverty, including through the progressive realization of the right to adequate food.

(D) Ensure a strong role for the multilateral system by sustained improvements in efficiency, responsiveness, coordination and effectiveness of multilateral institutions.

(E) Ensure sustained and substantial commitment by all partners to investment in agriculture and food security and nutrition, with provision of necessary resources in a timely and reliable fashion, aimed at multi-year plans and programs.

CHAPTER 3—ADVANCING HEALTH

SEC. 1301. FINDINGS AND STATEMENT OF POLICY.

(a) FINDINGS.—Congress finds the following:

(1) Saving and enhancing lives through better health is a moral imperative that reflects fundamental humanitarian values.

(2) Strategic investments in global health can spur progress in economic development, job creation, education, agricultural development, gender equity and political stability.

(3) Because disease knows no national bounds and can breed hopelessness and despair, support for global health bolsters United States national security. Such support also builds constructive partnerships with other governments, with multilateral institutions, between public and private enterprises, and from people to people.

(4) United States global health programs should prioritize the poorest and most vulnerable

segments of the world's population, including women, newborns and children, persons with disabilities, and marginalized communities, and should be designed with their participation wherever possible.

(5) Research and innovation play a critical role in achieving health objectives worldwide, fostering the development and introduction of new and improved health products and practices and contributing to better policies.

(6) For maximum effectiveness, global health programs must be closely integrated with efforts to advance nutrition, improve hygiene, and expand access to clean water, sanitation, and housing.

(7) To make health investments sustainable over the long term, the United States should help build the capacity of—

(A) governments of partner countries to plan and budget responsibly, allocate and disburse funds equitably, and provide reliable and cost-effective health care; and

(B) civil society to participate in decision-making, carry out activities and monitor service delivery.

(8) In order to provide for sustainable financing of health care, developing countries must create strong economies and stable tax bases.

(9) By setting clear goals and targets and identifying appropriate resources, a comprehensive, multiyear global health strategy can help to ensure policy focus and consistency, promote program integration, strengthen transparency and accountability, build congressional and public support, and accelerate results.

(10) Multilateral approaches offer a vital and necessary complement to bilateral programs. By pooling their resources and harmonizing priorities, the United States and multilateral organizations are better able to meet global challenges, mobilize effective leadership and extend the reach and impact of programs.

(b) STATEMENT OF POLICY.—It is the policy of the United States to work in cooperation with the international community to save the greatest possible number of lives and to help countries develop their own capacity to improve the health of their own people.

SEC. 1302. GOAL AND OBJECTIVES.

(a) GOAL.—The goal of assistance under this chapter is to achieve sustained improvements in health status and health systems in partner countries.

(b) OBJECTIVES.—In furtherance of the goal of subsection (a), assistance under this chapter shall be designed to help partner countries achieve the following objectives, including by strengthening health systems:

(1) Saving the lives of mothers and children.

(2) Protecting communities from disease, both infectious and noncommunicable.

(3) Creating an AIDS-free generation.

(4) Preventing unintended pregnancies and improving reproductive health.

SEC. 1303. GLOBAL HEALTH STRATEGY.

(a) IN GENERAL.—The strategy required under section 1019 with respect to advancing health shall be known as the ''Global Health Strategy''.

(b) CONTENTS.—The Global Health Strategy shall include, in addition to the elements required under section 1019(b), plans for achieving the goal and objectives of section 1302.

(c) GUIDELINES.—The Global Health Strategy should—

(1) focus on women, girls, and gender equality;

(2) encourage country ownership and invest in country-led plans;

(3) build sustainability through health systems strengthening;

(4) strengthen and leverage key multilateral organizations, global health partnerships and private sector engagement;

(5) increase impact through strategic coordination and integration, including with efforts in related areas such as nutrition, water, sanitation, and hygiene;

(6) promote learning and accountability through monitoring and evaluation;

(7) accelerate results through research and innovation;

(8) address the health-related challenges posed by climate change and other environmental trends; and

(9) safeguard the rights and dignity of health workers and patients.

SEC. 1304. ASSISTANCE FOR HEALTH.

(a) AUTHORIZATION.—The Administrator is authorized to use funds made available under section 1015 to further the goal and objectives of this chapter in partner countries.

1 (b) ACTIVITIES.—Assistance authorized under sub-
2 section (a) shall include—
3 (1) supporting the development, implementa-
4 tion, monitoring and evaluation of a country's na-
5 tional health strategy;
6 (2) supporting the recruitment, training, man-
7 agement, retention, effectiveness and equitable dis-
8 tribution within each country of skilled health work-
9 ers;
10 (3) facilitating the development of partnerships
11 and collaboration with educational and research in-
12 stitutions, private corporations, nongovernmental or-
13 ganizations, multilateral institutions and other do-
14 nors, both public and private;
15 (4) building the capacity of local nongovern-
16 mental organizations to participate effectively in the
17 planning, implementation, monitoring and evaluation
18 of health strategies and systems;
19 (5) strengthening financial management, ac-
20 counting, auditing and reporting systems;
21 (6) establishing surveillance systems to detect,
22 identify, and respond to emerging health threats, in-
23 cluding monitoring the spread of disease among ani-
24 mal and plant populations;

(7) identifying, preparing for and responding to health-related threats posed by climate change, pollution and other environmental factors;

(8) improving the quality and availability of health facilities at the national and local level;

(9) establishing and strengthening procurement and supply chain management systems to safely, efficiently, and equitably distribute medical and laboratory supplies;

(10) supporting the development and implementation of national health information systems to securely track, compile and manage data, with appropriate privacy safeguards;

(11) supporting evidence-based public health education initiatives that teach healthy habits and behaviors, increase health literacy, and encourage better utilization of the health system;

(12) building government capacity to coordinate and harmonize the delivery of health services provided by various donors;

(13) developing and improving laboratory research and testing capacity; and

(14) promoting a legal, policy and regulatory framework conducive to the advancement of public health and sustainable health care financing.

(c) PROGRAMS.—Assistance under this chapter includes programs—

(1) for child survival and maternal health, as described in subchapter A;

(2) to combat disease, as described in subchapter B;

(3) for family planning and reproductive health, as described in subchapter C; and

(4) for research, innovation and development of health technologies, products and practices to advance global health and the objectives of this chapter.

SEC. 1305. HEALTH PRINCIPLES AND RESTRICTIONS.

(a) PRINCIPLES.—Funds made available to carry out this chapter shall be provided in accordance with the following principles:

(1) Patients shall be provided with evidence-based, high-quality, courteous care that upholds internationally recognized human rights and protects human dignity.

(2) Patients shall have their privacy respected and the confidentiality of their medical information protected to the maximum extent practicable, with free access to their own health records.

(3) Patients shall be provided with accurate health information and quality care on an equitable basis, without discrimination of any kind, coercion or violence, and in a manner that prevents and reduces stigma.

(4) Patients shall have the right to make their own decisions about their health, and shall be provided with relevant, current, medically accurate and understandable information concerning preventive health, diagnosis, all available treatments, and prognosis, including the risks and benefits of each treatment and any costs involved, except in emergency situations where the patient lacks decisionmaking capacity and the need for an intervention is urgent, or where there is an imminent risk to public health.

(5) Patients and individuals participating in biomedical research and experimental treatments shall do so on a strictly voluntary basis, with valid informed consent processes in place, and shall be fully advised of potential risks and benefits.

(b) RESTRICTIONS.—None of the funds made available to carry out this title may be used—

(1) for the performance of abortion as a method of family planning;

(2) to coerce any person to undergo an abortion;

(3) for the performance of involuntary sterilization as a method of family planning;

(4) to coerce any person to undergo sterilization; or

(5) for any biomedical research which relates, in whole or in part, to methods of, or the performance of, abortion or involuntary sterilization as a method of family planning.

(c) DEFINITIONS.—In this section—

(1) the term ''abortion as a method of family planning'' does not include—

(A) abortions provided in the case of rape or incest or to protect the life or health of a woman; or

(B) treatment for the complications of induced, spontaneous, or unsafely performed abortions.

(2) the term ''all available treatments'' means all treatments that are legally available in the partner country; and

(3) the term ''patients'' includes the legal guardians of minors and persons who are incapacitated.

Subchapter A—Child Survival and Maternal Health

SEC. 1311. CHILD SURVIVAL.

The Administrator is authorized, notwithstanding any other provision of law except for this chapter, to use funds made available under this chapter for programs to reduce child mortality, including the following:

(1) Increasing access to and utilization of appropriate interventions to treat life-threatening childhood illnesses, such as polio, measles, diarrhea, and respiratory infections.

(2) Improving child and maternal nutrition, including the delivery of iron, folic acid, zinc, vitamin A, iodine, and other key micronutrients and macronutrients.

(3) Preventing the spread of childhood disease and improving child nutrition by expanding access to clean water, improving sanitation, and promoting good hygiene practices.

(4) Reducing household dangers, including exposure to environmental toxins and indoor smoke from cooking fires.

(5) Strengthening early childhood development, including through early nutrition, parenting programs and early education.

(6) Enhancing the quality, availability and sustainability of key child health interventions by improving health care systems, building local capacity, and promoting positive health policies.

SEC. 1312. MATERNAL AND NEWBORN HEALTH.

The Administrator is authorized, notwithstanding any other provision of law except for this chapter, to use funds made available under this chapter for programs to reduce the mortality of, and improve the health of, mothers and newborns, including the following:

(1) Strengthening preparation for childbirth through education, antenatal care, access to skilled birth attendants, preventing, detecting, and treating infections, and planning for transport.

(2) Improving maternal and child nutritional status through dietary improvements, nutrition education and appropriate micronutrient interventions.

(3) Actively discouraging, preventing and responding to harmful behaviors, such as gender-based violence, child marriage and female genital cutting.

(4) Promoting safe delivery, birth spacing, and postpartum care, including recognition, referral, and treatment of maternal and newborn complications.

(5) Promoting healthy practices such as breastfeeding, proper rest, good hygiene, and nutrition.

(6) Preventing and responding to long-term disability as a result of pregnancy and birth, including obstetric fistula and anemia.

(7) Improving long-term capacity and systems of local institutions to provide quality maternal health care.

SEC. 1313. ASSISTANCE FOR ORPHANS AND OTHER VULNERABLE CHILDREN.

The Administrator is authorized to use funds made available under this chapter to provide basic care and services for orphans and other vulnerable children, including:

(1) Enabling community-based organizations to provide basic care for orphans and other vulnerable children.

(2) Providing school feeding, including the purchase of local or regional foodstuffs where appropriate.

(3) Increasing primary school enrollment through the elimination of school fees, where appropriate, or other barriers to education while ensuring that adequate resources exist for teacher training and infrastructure.

(4) Providing employment training and related services for orphans and other vulnerable children who are of legal working age.

(5) Protecting and promoting the legal and inheritance rights of orphans, other vulnerable children, and widows, and addressing discrimination they often face.

(6) Providing culturally appropriate psychosocial support to orphans and other vulnerable children.

(7) Treating orphans and other vulnerable children with HIV/AIDS through the provision of pharmaceuticals, the recruitment and training of individuals to provide pediatric treatment, and the purchase of pediatric-specific technologies.

(8) Improving the capacity of foreign government agencies and nongovernmental organizations to prevent child abandonment and provide permanent homes through family reunification, guardianship and adoptions, consistent with the Hague Convention on the Protection of Children and Co-operation in Respect of Inter-Country Adoption.

(9) Increasing access to adequate housing and reliable, safe drinking water, sanitation, and hygiene education and supplies.

(10) Integrating gender to ensure the unique needs of girl and boy orphans and vulnerable children are met.

Subchapter B—Combating Disease

SEC. 1321. ASSISTANCE TO COMBAT HIV/AIDS, TUBERCULOSIS, AND MALARIA.

(a) FINDINGS.—Congress finds that—

(1) the global HIV/AIDS pandemic poses a humanitarian, economic and security crisis of unprecedented magnitude that requires urgent and sustained attention;

(2) worldwide, women of childbearing age account for more than half of people living with HIV/AIDS;

(3) tuberculosis is the leading killer of people with HIV/AIDS, and the spread of drug resistant tuberculosis presents a persistent public health threat to the United States;

(4) malaria imposes an enormous burden on the social and economic development of poor countries, can be prevented through cost-effective means, and can be cured if promptly diagnosed and adequately treated;

(5) the creation of the United States President's Emergency Plan for AIDS Relief (PEPFAR)

in 2003 was the largest commitment by any nation to combat a single disease, establishing and expanding the infrastructure necessary to deliver prevention, care, and treatment services in low-resource settings;

(6) due to PEPFAR and multilateral initiatives such as the Global Fund to Fight AIDS, Tuberculosis and Malaria, significant strides have been made in preventing new cases of disease, treating affected persons, training health care workers, and educating families and communities; and

(7) to be most sustainable and have the greatest positive impact, programs to combat HIV/AIDS, tuberculosis and malaria should be coordinated and integrated with other global health and health-related programs, including maternal and child health, family planning and reproductive health, nutrition, and water, sanitation, and hygiene.

(b) AUTHORIZATION.—The President is authorized to use funds made available under this chapter to—

(1) carry out the United States Leadership Against HIV/AIDS, Tuberculosis, and Malaria Act of 2003 (Public Law 108–25), as amended by this Act, and other related laws, including the Tom Lantos and Henry J. Hyde United States Global Lead-

ership Against HIV/AIDS, Tuberculosis, and Malaria Reauthorization Act of 2008 (Public Law 110–293), the Global AIDS and Tuberculosis Relief Act of 2000 (Public Law 106–264), and the International Malaria Control Act of 2000 (Public Law 106–570); and

(2) contribute to the Global Fund to Fight AIDS, Tuberculosis and Malaria and the GAVI Alliance.

(c) OTHER LAWS SUPERSEDED.—The President may exercise the authority of subsection (b) notwithstanding any other provision of law, except the United States Leadership Against HIV/AIDS, Tuberculosis, and Malaria Act of 2003 (Public Law 108–25), as amended by this Act.

(d) COORDINATION.—Assistance provided under the authorities of this section or the United States Leadership Against HIV/AIDS, Tuberculosis, and Malaria Act of 2003 (Public Law 108–25) shall be coordinated with all other health-related programs under this chapter and chapter 6, and shall be included in the Global Health Strategy required under section 1303.

SEC. 1322. ASSISTANCE TO COMBAT NEGLECTED TROPICAL DISEASES.

(a) FINDINGS.—Congress finds that—

(1) more than 1,000,000,000 people worldwide suffer from one or more painful, debilitating tropical diseases, which disproportionately impact poor and rural populations, cause severe sickness and disability, compromise mental and physical development, contribute to childhood malnutrition, reduce school enrollment, and hinder economic productivity;

(2) many of these neglected tropical diseases (NTDs) can be controlled and treated by providing safe and effective drug treatments, improving access to clean water and improved sanitation, and promoting good hygiene practices for individuals in affected communities; and

(3) an integrated approach to controlling NTDs will address a root cause of poverty that affects a significant proportion of the world's population.

(b) AUTHORIZATION.—The Administrator is authorized to use funds made available under this chapter for the prevention, treatment, control, and elimination of, and research on, neglected tropical diseases.

SEC. 1323. ASSISTANCE FOR DISEASE PREVENTION, CONTROL, AND TREATMENT.

(a) FINDINGS.—Congress finds that—

(1) infectious diseases such as avian and pandemic influenza not only cause death and debili-

1 tating illness in the countries where new strains
2 originate, but can quickly spread around the world;
3 (2) the development and spread of antimicrobial
4 resistance threatens to undermine global efforts to
5 control tuberculosis and other bacterial diseases;
6 (3) developing countries are undergoing a rapid
7 epidemiological transition from infectious diseases
8 such as diarrhea and pneumonia to noncommu-
9 nicable diseases such as cardiovascular disease, can-
10 cer and diabetes, which threatens to overwhelm their
11 strapped health systems and cripple their fragile
12 economies;
13 (4) mental health is an important but fre-
14 quently overlooked or stigmatized aspect of health
15 that requires effective and compassionate treatment
16 and care;
17 (5) improvement in the capacity of developing
18 countries to obtain and use good quality data for
19 surveillance and effective response to emerging
20 health threats helps to protect the health of United
21 States citizens as well as that of local populations;
22 and
23 (6) disease-focused interventions are most effec-
24 tive when they—
25 (A) reflect an evidence-based approach;

(B) are integrated across health programs through a common delivery platform; and

(C) support increased collaboration and coordination among country-level stakeholders, including partner country governments, other public and private donors, and international and nongovernmental organizations.

(b) AUTHORIZATION.—The Administrator is authorized to use funds made available under this chapter to provide assistance for the prevention, treatment, control, and elimination of, and research on, infectious and noncommunicable diseases in partner countries.

Subchapter C—Family Planning and Reproductive Health

SEC. 1331. ASSISTANCE FOR FAMILY PLANNING AND REPRODUCTIVE HEALTH.

(a) FINDINGS.—Congress finds that—

(1) reproductive health care is essential to reducing poverty, improving living standards and protecting human dignity;

(2) throughout much of the world, the lack of access by women, particularly poor women, to reproductive health care contributes to death and suffering, limits women's ability to make decisions that

affect their lives, and undermines the efforts of families to lift themselves out of poverty;

(3) access to reproductive health care, including voluntary family planning, has a direct and important impact on child mortality, especially infant mortality;

(4) closely spaced and ill-timed pregnancies and births contribute to high infant mortality rates, and when mothers die as a result of giving birth, their surviving infants have a greater risk of mortality and poor health status;

(5) in many developing countries where there are few hospitals, few doctors, and poor transportation systems, and where women are not highly valued, complications of labor often result in death of the mother;

(6) lack of availability of emergency obstetric care, along with delays in seeking medical attention, in reaching a medical facility, and in receiving medical care once arriving at a facility, contribute to the development of obstetric fistula, increasing the risk of death for both mother and child;

(7) voluntary family planning allows women and couples to freely choose the number, timing and

spacing of pregnancies, giving families and individuals greater control over their lives;

(8) young people are particularly at risk of engaging in unsafe sexual practices, and should be provided with clear and evidence-based information to help them make informed decisions about their sexual and reproductive health and human rights, including their right to be free from all forms of violence, coercion and discrimination;

(9) practices such as child marriage and female genital cutting can harm the health of young people and deprive them of their dignity and human rights. Reproductive health care can play an important role in educating people about the dangers of these practices, and is often the entry point for identification of gender-based violence and sexual abuse;

(10) integrating reproductive health care, including voluntary family planning, with HIV prevention programs is critical to combating HIV/AIDS, and can assist in decreasing the stigma associated with a seropositive HIV status;

(11) integration of reproductive health care with other health-care and related social services increases the effectiveness and efficiency of the health

system and meets people's needs for accessible, acceptable, convenient, client-centered care;

(12) international goals and targets for reducing poverty and improving maternal health require a significant investment in family planning and reproductive health care;

(13) international partnerships are required to provide adequate financing for family planning and reproductive health care;

(14) cooperating with multilateral and bilateral donors and the private sector can make commodities such as antiretrovirals, maternal health equipment, and contraceptive supplies more accessible for hard-to-reach populations; and

(15) by investing in reproductive health care, including voluntary family planning, the United States can improve maternal and child health, lower HIV infection rates, reduce poverty and hunger, advance girls' education, promote gender equality, broaden civic participation in the development process, and slow the depletion of natural resources.

(b) AUTHORIZATION.—The Administrator is authorized to use funds made available under this chapter for reproductive health care programs, including voluntary family planning, in partner countries.

SEC. 1332. REPRODUCTIVE HEALTH CARE IN EMERGENCIES.

The Administrator is authorized to use funds made available under this subchapter and under subtitle B for programs to provide reproductive health care during humanitarian emergencies and complex crises, including:

(1) Life-saving priority activities set out in the Sphere Project's Humanitarian Charter and Minimum Standards in Disaster Response.

(2) Preventing sexual violence and providing medical care and psychosocial services to survivors of sexual violence.

(3) Voluntary family planning for the duration of displacement.

CHAPTER 4—EXPANDING QUALITY EDUCATION

SEC. 1401. FINDINGS AND STATEMENT OF POLICY.

(a) FINDINGS.—Congress finds the following:

(1) Education is a basic human right, indispensable for human capacity development and poverty eradication.

(2) Basic education is fundamental to development. No country has reached sustained economic growth without achieving near universal primary education.

(3) Quality education reduces poverty and inequity, lays the foundation for sound governance, civic participation, and strong institutions, and equips people with the knowledge, skills, and self-reliance they need to increase income and expand opportunities for employment.

(4) While developing countries bear the ultimate responsibility for educating their children, the United States and others donors can and should do more to help developing countries address their education needs.

(5) Investing in girls' education delivers substantial returns not only in educational attainment but also in increasing women's and household incomes, delaying the start of sexual activity, reducing infant mortality, increasing women's political participation, spurring economic growth, and delaying marriage.

(6) Lack of access to adequate housing, safe drinking water close to home, and to private latrines near home and at school significantly impact girls' attendance and retention at school.

(7) Education can help to protect children in conflict situations from physical harm, exploitation,

and sexual abuse, as well as to avoid the recruitment of children into armed groups and gangs.

(8) The large number of children who are not enrolled in school or who receive a poor quality education not only results in a loss of human potential, but undermines stability and progress within communities and across nations.

(9) Expanded access to primary and secondary education will increase the need for qualified teachers, and the demand for quality colleges and universities.

(10) Exchange programs which bring citizens of developing countries to the United States for training, while helpful in expanding individual opportunities for growth, will not by themselves reach enough students and scholars to have a transformational effect on the economies and human resources of developing countries.

(11) Partnerships between educational institutions in the United States and developing countries are an important means for sharing knowledge, experience and lessons learned for the benefit of all students.

(12) Resources to expand global education will be most effective and efficient if they are trans-

parent, increase coordination among governments, private sector and civil society, support national plans and hold all stakeholders accountable.

(b) STATEMENT OF POLICY.—It is the policy of the United States to work in cooperation with the international community to achieve quality universal basic education.

SEC. 1402. GOAL AND OBJECTIVES.

(a) GOAL.—The goal of assistance under this chapter is to increase access to quality education in partner countries.

(b) OBJECTIVES.—In furtherance of the goal of subsection (a), assistance under this chapter shall be designed to help partner countries achieve the following objectives:

(1) Expanding access to basic education for all children, particularly marginalized and vulnerable groups.

(2) Improving the quality of basic education.

(3) Raising adult literacy, especially for women.

(4) Reducing gender disparities in primary and secondary education.

(5) Strengthening higher education partnerships and networks.

SEC. 1403. GLOBAL EDUCATION STRATEGY.

(a) IN GENERAL.—The strategy required under section 1019 with respect to expanding education shall be known as the ''Global Education Strategy''.

(b) CONTENTS.—The Global Education Strategy shall include, in addition to the elements required under section 1019(b), plans for achieving the goal and objectives of section 1402.

(c) GUIDELINES.—The Global Education Strategy should—

(1) contribute to meeting internationally agreed education goals and targets;

(2) be directly responsive to partner country needs, capacity, and commitment, strengthen partner countries' educational systems, and be coordinated, where possible, with national education plans;

(3) pay particular attention to expanding educational opportunities for marginalized and vulnerable groups, including girls, children affected by or emerging from armed conflict or humanitarian crises, disabled children, children in remote or rural areas, religious or ethnic minorities, indigenous peoples, orphans and children impacted by HIV/AIDS, child laborers, and victims of trafficking;

(4) identify ways to reduce the adverse impact of HIV/AIDS on education systems;

(5) address the challenges posed by large numbers of out-of-school, unemployed youth;

(6) encourage and integrate contributions of strategic direction and financial resources from local and international private sector and civil society organizations, including organizations that represent teachers, students, and parents, interested in supporting quality universal basic education efforts;

(7) outline plans for ensuring a transition and continuity of educational activities in countries affected by or emerging from armed conflict or humanitarian crises;

(8) expand public-private partnerships in order to leverage resources;

(9) promote gender equity and improve educational opportunities for women and girls, and strive to ensure safe schools, equal access, workforce opportunities, leadership role development, and the preservation of dignity and respect;

(10) explain how basic education, higher education, vocational and technical education, literacy instruction, and other formal and nonformal training will be integrated with other activities under this title; and

(11) address the problem of financing education.

SEC. 1404. BASIC EDUCATION ASSISTANCE.

(a) AUTHORIZATION.—The Administrator is authorized to use funds made available under section 1015 for basic education in accordance with the goal and objectives of this chapter.

(b) ACTIVITIES.—Assistance authorized under subsection (a) shall include—

(1) increasing the supply of trained quality teachers, and building systems for the continuing support, training and professional development of all educators;

(2) developing and implementing effective, relevant curricula;

(3) building the institutional capacity of a country to manage basic education systems and measure results;

(4) increasing parent and community involvement in schools;

(5) providing learning materials;

(6) working with communities to achieve equity in schools and address gender norms to build support for girls' education;

(7) promoting the development and effective use of systems for data collection, monitoring and evaluation of student-learning outcomes;

(8) improving and expanding educational infrastructure;

(9) reducing or eliminating fees for tuition, uniforms and school materials, as well as other barriers to school attendance, for poor and marginalized children;

(10) improving young children's capacity to learn through early childhood development programs;

(11) supporting interventions that increase school attendance and performance, such as scholarships, school lunch, school health, and water and sanitation programs;

(12) ensuring that schools are not incubators for violent extremism;

(13) providing life skills training and civic education, including on human rights, gender equity, and conflict resolution;

(14) making schools safe and secure places for learning, free of violence, harassment, exploitation, or intimidation;

(15) increasing access to education, improving learning outcomes and increasing educational opportunities for the most disadvantaged populations;

(16) ensuring continuation or reestablishment of educational programs and the provision of safe spaces for children in areas of armed conflict or humanitarian crisis;

(17) increasing the relevance of formal education systems to the needs of the poor and to disaffected youth, through reform of curricula, teaching materials, and teaching methods, and improved teacher training;

(18) expanding vocational and entrepreneurship skills and opportunities, especially for out-of-school youth, in close linkage with the private sector and in response to market needs;

(19) supporting multilateral coordination and financing initiatives for education; and

(20) promoting the value of education and increasing community and family awareness of the positive impact of education.

(c) DEFINITION.—In this chapter, the term ''basic education'' means an education, generally consisting of completion of 9–10 years of schooling, including efforts to improve early childhood development, primary edu-

cation, secondary education, literacy and numeracy training, and life-skills training that prepares an individual to be an active, productive member of society and the workforce.

SEC. 1405. HIGHER EDUCATION PARTNERSHIPS.

(a) FINDINGS.—Congress finds that—

(1) basic and higher education are interrelated and together play a critical role in reducing poverty, promoting economic growth, strengthening democracy, stemming corruption, alleviating ethnic tensions, and enhancing stability;

(2) higher education institutions foster critical thinking, scientific discovery, entrepreneurship and innovation in local communities as well as at the national and international level;

(3) higher education is essential for developing human capacity to create the next generation of political, professional and business leadership, build an effective and accountable civil service, improve the quality and availability of social services, and strengthen the rule of law;

(4) partnerships between institutions of higher education in the United States and developing countries can—

(A) increase the quality and availability of, and access to, higher education for secondary school graduates;

(B) support the professional development of faculty and staff, strengthen institutional and financial management, and streamline administrative procedures;

(C) expand course offerings, academic resources and research opportunities for students and faculty;

(D) foster continuing professional relationships that build international understanding and collaboration; and

(E) facilitate the sharing of knowledge, the identification of common research interests and challenges, and the resolution of complex problems; and

(5) partnerships between businesses and higher education institutions in developing countries can help to meet the significant and growing demand for business professionals within both the private and public sectors in developing countries.

(b) STATEMENT OF POLICY.—It is the policy of the United States to encourage the expansion and strengthening of higher education in developing countries, through

partnerships with educational institutions, businesses, and nonprofit organizations in the United States.

(c) AUTHORIZATION.—The Administrator is authorized to use assistance made available under this chapter to expand and strengthen institutions of higher education in developing countries through partnerships with—

(1) institutions of higher education in the United States;

(2) businesses in the United States;

(3) nonprofit organizations with experience in the areas of academic institution-building and entrepreneurial and managerial development; and

(4) international organizations.

(d) ACTIVITIES.—Assistance provided under subsection (c) shall include—

(1) building the capacity of higher education institutions in partner countries;

(2) developing academic programs and centers of excellence in areas critical to the partner country's economic development; and

(3) improving the quality and availability of, and access to, higher education for students in partner countries.

CHAPTER 5—PROTECTING AND RESTORING THE NATURAL ENVIRONMENT

SEC. 1501. FINDINGS AND STATEMENT OF POLICY.

(a) FINDINGS.—Congress finds the following:

(1) Sound natural resource management, healthy levels of species diversity, and functioning natural ecosystems are vital to sustainably reducing poverty in developing countries.

(2) Natural ecosystems, when properly managed, provide economic value to local communities in the form of water, food, medicine, energy, household products, tourism and trade, as well as contributing to the global common good.

(3) Nature provides important services for human well-being. For example, forests, floodplains, and wetlands are a natural bulwark against catastrophic flooding and severe drought, and coral reefs and mangroves reduce the impact of large storms on coastal populations, thereby reducing damages from extreme weather and the need for disaster assistance.

(4) Natural ecosystems serve as a buffer between wildlife and human populations, minimizing the transmission of highly infectious diseases from animals to people.

(5) Many of the most commonly prescribed medicines in the United States are derived directly from natural compounds or patterned after them. The preservation of natural areas and wild species offers the world a rich source of potential cures and treatments for disease and pain.

(6) The survival of many animal and plant species is endangered by poaching and excessive harvesting, by the presence of toxic chemicals in water, air and soil, and by the destruction of habitats.

(7) Degradation of land and water resources impedes efforts to improve agricultural productivity, which will be critical to feeding the world's growing population and is a key engine of economic growth in developing countries.

(8) The construction of dams and expansion in biofuel production in developing countries without the necessary environmental safeguards or consultation with the local populations threatens the sustainability of aquatic ecosystems and the services they provide for purifying, storing, and delivering water.

(9) The continuing and accelerating alteration, destruction, and loss of forests and other natural habitats in developing countries can result in—

(A) shortages of fuel;

(B) loss of biologically productive wetlands;

(C) siltation of lakes, reservoirs, and irrigation systems;

(D) floods, soil erosion and landslides;

(E) decimation and dislocation of indigenous peoples;

(F) extinction of plant and animal species;

(G) reduced capacity for food production;

(H) loss of genetic resources;

(I) desertification;

(J) increased greenhouse gas emissions; and

(K) destabilization of the earth's climate.

(10) Women often are especially vulnerable to the impact of natural resource degradation and climate change because they produce most of the food and collect most of the water and firewood in many countries.

(11) Mismanagement and unregulated exploitation of natural resources has fueled conflict and corruption in many developing countries.

(12) Illicit trade in natural resources not only robs poor countries of valuable economic and environmental resources, but often perpetrates political instability and human rights abuses, including sex-

ual violence and the use of children as soldiers, bonded labor and sex slaves.

(13) Illegal logging, fishing, and mining in developing countries flood the international market with low-cost products that undercut the competitiveness of responsible companies in the United States.

(14) Economic growth generally raises energy consumption, and often results in increased emissions of greenhouse gases as well as greater pollution of air, land, and water.

(15) If current trends in the degradation of natural resources in developing countries continue, they will severely undermine the best efforts to meet basic human needs, to achieve sustained economic growth, and to prevent international tension and conflict.

(16) Animals, including livestock, companion animals, and wildlife, are important to human economic, environmental, and social development as well as to human quality of life. Animals and the people who depend upon them in developing countries will be particularly vulnerable to climate-related natural disasters unless adaptation and mitigation measures are utilized.

(17) The world faces enormous, urgent, and complex challenges in conserving and protecting natural resources while fostering economic development, requiring extensive and sustained cooperation between the United States, developing countries and the international community as a whole.

(b) STATEMENT OF POLICY.—It is the policy of the United States to work in cooperation with the international community to reduce biodiversity loss and the degradation of natural ecosystems, adapt to and mitigate climate change, and integrate principles of environmental sustainability into policies and programs for international development.

SEC. 1502. GOAL AND OBJECTIVES.

(a) GOAL.—The goal of assistance under this chapter is to help partner countries maximize the environmental sustainability of their development policies and programs.

(b) OBJECTIVES.—In furtherance of the goal described in subsection (a), assistance under this chapter shall be designed to help partner countries achieve the following objectives:

(1) Protecting and restoring natural ecosystems.

(2) Conserving biological diversity.

(3) Mitigating and adapting to climate change.

(4) Reducing pollution of air, land and water.

(5) Increasing energy efficiency.

(6) Expanding access to clean, renewable energy sources and technologies.

(7) Building capacity for sound natural resource management.

(c) IMPLEMENTATION.—Assistance under this chapter should be implemented in a manner that—

(1) incorporates and aligns with partner country strategies, plans and priorities;

(2) gives due regard to the rights and interests of local and forest-dependent communities, indigenous peoples, and marginalized and vulnerable social groups, and ensures their full and effective participation in all stages of program planning, implementation, and evaluation; and

(3) promotes and integrates women's empowerment and gender equality.

SEC. 1503. GLOBAL CONSERVATION STRATEGY.

(a) IN GENERAL.—The strategy required under section 1019 with respect to protecting and restoring the natural environment shall be known as the ''Global Conservation Strategy''.

(b) CONTENTS.—The Global Conservation Strategy shall include, in addition to the elements required under

1 section 1019(b), plans for achieving the goal and objec-
2 tives of section 1502.

3 (c) GUIDELINES.—The Global Conservation Strategy
4 should—

5 (1) establish priority countries, regions or nat-
6 ural ecosystems for reducing environmental degrada-
7 tion;

8 (2) identify the economic, health, and conflict-
9 prevention benefits to be achieved through imple-
10 mentation of the strategy;

11 (3) establish policy guidance to link investments
12 in specific conservation programs to the broader
13 goals of reducing poverty and alleviating human suf-
14 fering, and to integrate environmental goals into
15 country-based and sector-based strategies;

16 (4) identify and improve United States policies
17 that affect the conservation of critical natural re-
18 sources and biodiversity abroad;

19 (5) seek to encourage and leverage participation
20 from the private sector, other donor governments,
21 governments of developing countries, international
22 financial institutions, and other international organi-
23 zations to implement the strategy;

(6) address the anticipated effects of climate change on highly vulnerable communities and populations and on the achievement of key objectives; and

(7) include a review of all executive orders and regulations that may have an impact on the strategy.

SEC. 1504. ASSISTANCE FOR ENVIRONMENTAL SUSTAINABILITY.

(a) AUTHORIZATION.—The Administrator is authorized to use funds made available under section 1015 to further the goal and objectives of this chapter in partner countries.

(b) ACTIVITIES.—Assistance provided under subsection (a) shall include the following:

(1) PROTECTING AND RESTORING NATURAL ECOSYSTEMS.—

(A) Conserving, sustainably managing, and restoring natural ecosystems.

(B) Establishing, restoring, protecting, and maintaining protected areas, parks and reserves.

(C) Developing and improving governance structures, resource rights and responsibilities, and land use planning to reduce degradation,

destruction, and illegal use of natural ecosystems.

(D) Reducing greenhouse gas emissions from land use and land-use change, the destruction of wetlands and peatlands and forestry, including deforestation and forest degradation and enhancement of forest carbon stocks.

(E) Studying and assessing the economic value of natural ecosystems and their contributions to addressing poverty-related issues.

(F) Developing alternatives and disincentives to destructive farming, fishing, and forestry practices.

(2) CONSERVING BIOLOGICAL DIVERSITY.—

(A) Protecting and maintaining wildlife and plant habitats, both land and sea.

(B) Developing sound wildlife management and plant conservation policies and programs at the local, national, and international levels.

(C) Identifying, studying, and cataloging animal and plant species.

(D) Establishing effective policies and regulations to reduce loss of biological diversity.

(E) Enacting and enforcing anti-poaching measures, including through alternative livelihood opportunities.

(F) Educating local communities, including civil society organizations, governments and intermediate representative institutions, about the importance and benefits of conserving biological diversity.

(3) MITIGATING AND ADAPTING TO CLIMATE CHANGE.—

(A) Researching and assessing climatological and socioeconomic factors to identify and prioritize vulnerable populations and natural ecosystems and likely impacts.

(B) Developing national and regional climate change adaptation and mitigation plans.

(C) Planning, financing and implementing adaptation programs and activities.

(D) Increasing resilience to and preparedness for climate change and its impacts among highly vulnerable communities and populations, including through capacity building.

(E) Supporting the identification and adoption of appropriate renewable and efficient energy technologies.

(4) REDUCING POLLUTION OF AIR, LAND AND WATER.—

(A) Monitoring, regulating, and mitigating pollutants to air, land and water.

(B) Designing, promoting and utilizing clean technologies and practices.

(C) Increasing the quality, quantity, and transparency of data regarding the monitoring, regulation and mitigation of pollutants.

(D) Developing public awareness campaigns and promoting civic participation in environmental stewardship.

SEC. 1505. ASSISTANCE FOR SUSTAINABLE ENERGY AND NATURAL RESOURCE MANAGEMENT.

(a) FINDINGS.—Congress finds the following:

(1) Access to energy is essential for economic growth, public health, clean water, sanitation, transportation, communication, agricultural activities, and the overall progress of developing countries.

(2) Many developing countries lack access to the financial resources and technology necessary to locate, explore, and develop indigenous natural resources.

(3) Black carbon contributes to pollution, health concerns, and significantly warms the Earth's

climate system by absorbing radiation, converting it into heat, and releasing heat energy into the atmosphere.

(4) Clean, efficient and renewable energy sources are vital to sustain economic growth and protect human health.

(5) Energy must be accessible to the poor in order to ensure that basic human needs are met.

(6) Title V of the Nuclear Non-Proliferation Act of 1978 (22 U.S.C. 3261 et seq.) requires the United States to work with developing countries in assessing and finding ways to meet their energy needs through alternatives to nuclear energy that are consistent with economic factors, material resources, and environmental protection.

(7) Proper management of natural resources can provide the basis for sustainable development while the mismanagement and unregulated exploitation of natural resources has fueled conflict and corruption in many countries around the world.

(b) AUTHORIZATION.—The Administrator is authorized to use funds made available under this chapter for programs to promote clean energy technologies, responsible stewardship of natural resources, and reliable access by the poor to energy.

(c) ACTIVITIES.—Assistance authorized under subsection (b) shall include the following:

(1) INCREASING ENERGY EFFICIENCY.—

(A) Development of sound national energy and electricity plans.

(B) Improving the efficiency of electricity transmission, distribution, and consumption.

(C) Building local capacity to monitor and regulate the energy sector.

(2) EXPANDING ACCESS TO CLEAN, RENEWABLE ENERGY SOURCES AND TECHNOLOGIES.—

(A) Improving the availability of renewable electricity generation from wind, solar, sustainably and locally produced biomass, geothermal, marine, or hydrokinetic sources.

(B) Expanding the deployment of low or zero emission technologies.

(C) Increasing access to clean energy technologies, especially in rural areas.

(D) Improving transportation system and vehicle efficiency.

(E) Reducing black carbon emissions, including through the use of clean cookstoves.

(F) Building local capacity to operate, maintain and improve clean energy technologies.

(G) Mitigating the impacts of energy alternatives on natural resources and natural ecosystems

(3) BUILDING CAPACITY FOR SOUND NATURAL RESOURCE MANAGEMENT.—

(A) Enhancing the transparency of revenues generated from natural resource extraction.

(B) Improving the security of land tenure and property rights, especially for marginalized groups.

(C) Building local capacity to assess, monitor, and regulate access to natural resources and to evaluate the social and environmental effects of extraction.

(D) Improving local capacity to assess the value of environmental services.

SEC. 1506. ENVIRONMENTAL RESTRICTIONS.

(a) RESTRICTION.—Assistance authorized under this subtitle shall not be provided for programs, projects, and activities that—

(1) introduce invasive and nonnative plant species;

(2) cause the destruction or degradation of existing natural ecosystems, natural parks, or similar protected areas;

(3) result in or cause a loss of biological diversity or adversely impact rare, threatened, or endangered plant and animal species;

(4) involve destructive farming, fishing, and forest harvesting practices such as slash and burn agriculture; or

(5) provide for the construction of dams or other water control structures that flood natural ecosystems.

(b) WAIVER.—The Administrator may waive the restrictions contained in subsection (a) if the Administrator determines and reports to the appropriate congressional committees that—

(1) the proposed program, project, or activity is vital to improving the livelihoods of the rural poor;

(2) the proposed program will be conducted in an environmentally sound manner that supports sustainable development; and

(3) appropriate mitigation activities will be undertaken.

SEC. 1507. ENVIRONMENTAL IMPACT STATEMENTS AND ASSESSMENTS.

(a) IN GENERAL.—In implementing programs, projects, and activities under this subtitle, the Administrator shall take fully into account the impact of such programs and projects upon the environment and natural resources of developing countries.

(b) REQUIRED STATEMENTS AND ASSESSMENTS.—Subject to such procedures as the Administrator considers appropriate, the Administrator shall require that all agencies and officials responsible for programs, projects, and activities under this subtitle prepare and take fully into account—

(1) an environmental impact statement for any proposed program, project, or activity significantly affecting the environment of the global commons outside the jurisdiction of any country, the environment of the United States, or other aspects of the environment which the Administrator may specify; and

(2) an environmental assessment of any proposed program, project, or activity significantly affecting the environment of any foreign country.

(c) MATTERS TO BE INCLUDED.—Environmental impact statements and environmental assessments undertaken pursuant to subsection (b) shall include—

(1) recommendations for possible alternatives and mitigation measures;

(2) an estimate of greenhouse gas emissions attributable to the program, project, or activity; and

(3) a special review of any project that will emit more than 100,000 tons of carbon dioxide.

(d) LOCAL TECHNICAL RESOURCES.—Environmental impact statements and environmental assessments undertaken pursuant to paragraph (b) should, to the maximum extent feasible, use local technical resources.

(e) EXCEPTIONS.—The Administrator may establish exceptions from the requirements of this section for emergency conditions and for cases in which the Administrator determines that compliance with those requirements would be seriously detrimental to the foreign policy interests of the United States.

(f) PUBLIC AVAILABILITY.—

(1) IN THE UNITED STATES.—All environmental impact statements and environmental assessments shall be published on the Internet website of the Agency not later than 30 days following their completion, and may be accompanied by the Agency's response to the findings therein.

(2) IN AFFECTED COUNTRIES.—To the extent feasible, all environmental assessments shall be

translated into the local language(s) of the affected communities and made available to the partner government, local and international nongovernmental organizations, and affected communities.

SEC. 1508. DEFINITIONS.

In this chapter:

(1) NATURAL ECOSYSTEM.—The term ''natural ecosystem'' means a dynamic set of living organisms, including plants, animals, and microorganisms interacting among themselves and with the environment in which they live, and includes tropical forests, freshwater, coastal, estuarian and fisheries habitats, coral reefs, natural grasslands, and mangrove forests.

(2) GREENHOUSE GAS.—The term ''greenhouse gas'' means carbon dioxide, methane, nitrous oxide, sulfur hexafluoride, hydrofluorocarbons emitted from a chemical manufacturing process at an industrial stationary source, any perfluorocarbon, nitrogen trifluoride, any other anthropogenic gas designated as a greenhouse gas by the Administrator for purposes of this chapter.

(3) HIGHLY VULNERABLE COMMUNITIES AND POPULATIONS.—The term ''highly vulnerable communities and populations'' means communities and

populations that are at risk of substantial adverse impacts of climate change and have limited capacity to respond to such impacts, including impoverished communities, children, women, and indigenous peoples.

(4) MOST VULNERABLE DEVELOPING COUNTRIES.—The term ''most vulnerable developing countries'' means, as determined by the Administrator, developing countries that are at risk of substantial adverse impacts of climate change and have limited capacity to respond to such impacts, considering the approaches included in any international treaties and agreements.

CHAPTER 6—IMPROVING ACCESS TO SAFE WATER, SANITATION, AND HOUSING

SEC. 1601. FINDINGS AND STATEMENT OF POLICY.

(a) FINDINGS.—Congress finds the following:

(1) Clean water and sanitation are among the most powerful drivers for human development. They extend opportunity, enhance dignity, and help create a virtuous cycle of improving health and rising wealth.

(2) Unsafe drinking water, inadequate sanitation, and unsuitable and unhygienic living conditions exact an enormous toll on human health in devel-

oping countries, particularly for infants and children.

(3) Diseases linked to unsafe water and poor sanitation, as well as the time and energy women often devote to collecting water, significantly reduce economic productivity in less developed countries and promote lifecycles of disadvantage.

(4) Water scarcity has negative consequences for agricultural productivity and food security, and seriously threatens international ability to increase food production at the rate required to meet the needs of the world's growing population.

(5) The underlying cause of water scarcity in the large majority of cases is institutional and political, and requires sustainable and effective water resource management.

(6) Demand for water resources has contributed to armed conflict in many parts of the world, while conflict and civil strife often reduce access to clean water and sanitation for displaced persons and other innocent victims.

(7) The continued degradation of watersheds threatens the benefits that healthy natural systems provide, and on which people rely.

(8) The effects of climate change are expected to produce severe consequences for water availability and resource management in many developing countries, which could result in severe and chronic water shortages.

(9) Unsuitable and unhygienic living conditions can exact a heavy toll on human health and productivity. Adequate housing is often a precondition for the enjoyment of various civic and human rights, including the rights to work, vote, obtain education, receive health care, and access other social services.

(10) Rapid urbanization and future population growth are expected to exacerbate already limited access to water, as well as to adequate housing.

(11) Approximately half the world's population lives in cities, often in slums characterized by unsafe water, poor sanitation, lack of basic services, overcrowding, inferior construction and insecure tenure. Because slum populations are growing rapidly, they require increased attention and better integrated programming.

(12) Inadequate laws, policies and enforcement mechanisms to protect real property use, lease, and ownership rights often subject slum dwellers to arbi-

trary, often supra-market rents, forced evictions, threats, and harassment.

(13) Insecurity of tenure severely inhibits economic development by undermining investment incentives and constraining the growth of credit markets, imperils the ability of families to achieve sustainable livelihoods and assured access to housing, and often contributes to conflict over property rights.

(14) Women are affected disproportionately by forced evictions and insecure tenure as a result of gender discrimination, often including gender-biased laws that define women as legal minors or otherwise prevent them from owning or leasing land, property, and housing, making them more vulnerable to poverty, violence, and sexual abuse.

(15) Expanding access to clean water, sanitation, and housing is essential for reducing the global burden of disease, advancing economic and social development, protecting basic human rights, and mitigating sources of conflict.

(b) STATEMENT OF POLICY.—It is the policy of the United States to recognize the human right to water and adequate housing, and to work in cooperation with the

international community to ensure access to safe water, sanitation and adequate housing for all people.

SEC. 1602. GOAL AND OBJECTIVES.

(a) GOAL.—The goal of assistance under this chapter is to improve living conditions and basic human dignity for the world's poorest people.

(b) OBJECTIVES.—In furtherance of the goal of subsection (a), assistance under this chapter shall be designed to help partner countries achieve the following objectives:

(1) Expanding access to sufficient, safe, and affordable water for personal and domestic use.

(2) Upgrading and expanding basic sanitation.

(3) Increasing access to adequate housing.

(4) Improving the management of water and related resources for greater sustainability.

(5) Enhancing planning for sustainable urban development.

SEC. 1603. GLOBAL STRATEGY FOR WATER, SANITATION AND HOUSING.

(a) IN GENERAL.—The strategy required under section 1019 with respect to improving access to safe water, sanitation, and housing shall be known as the ''Global Water, Sanitation and Housing Strategy''.

(b) CONTENTS.—The Global Water, Sanitation and Housing Strategy shall include, in addition to the elements

1 required under section 1019(b), plans for achieving the
2 goal and objectives of section 1602.

3 (c) GUIDELINES.—The Global Water, Sanitation and
4 Housing Strategy should—

5 (1) include targets for providing, on a sustain-
6 able basis, first-time access to safe water, basic sani-
7 tation, and adequate housing;

8 (2) prioritize improvements for the poorest peo-
9 ple living under the most inadequate conditions;

10 (3) explain how policies and programs relating
11 to water, sanitation and housing will be integrated
12 with other policies and programs under this title;

13 (4) explain how programs and policies under
14 the strategy will contribute to meeting internation-
15 ally agreed targets relating to access to safe drink-
16 ing water and basic sanitation and improving the
17 lives of slum dwellers;

18 (5) maximize efficiency in water use and sus-
19 tainability of water supplies;

20 (6) identify and promote best practices for mo-
21 bilizing and leveraging public-private partnerships;

22 (7) address the effects of climate change on
23 achieving the goal of this chapter;

(8) evaluate the impact of urbanization and general migration trends on water, sanitation, and housing;

(9) utilize expertise within the United States Government by improving policy and program coordination among relevant Federal agencies, including the Department of State, the United States Agency for International Development, the Millennium Challenge Corporation, the Centers for Disease Control and Prevention, the National Oceanic and Atmospheric Administration, the United States Geological Survey, and the Environmental Protection Agency; and

(10) strengthen strategic coordination with, build on the expertise of, and encourage contributions from, a wide variety of stakeholders, including partner governments, the private sector and nongovernmental organizations.

SEC. 1604. ASSISTANCE FOR WATER, SANITATION AND HOUSING.

(a) AUTHORIZATION.—The Administrator is authorized to use funds made available under section 1015 to further the goal and objectives of this chapter in partner countries.

(b) ACTIVITIES.—Assistance authorized under subsection (a) shall include the following:

(1) EXPANDING ACCESS TO CLEAN WATER AND SANITATION.—

(A) Assessing water, sanitation, and hygiene needs.

(B) Developing additional, affordable, accessible, and reliable water supplies.

(C) Expanding the coverage of existing water and sanitation systems to reach previously underserved populations.

(D) Improving water and sanitation infrastructure.

(E) Increasing the safety, reliability, and sustainability of, and equity in access to, water supplies, sanitation infrastructure, and hygiene services.

(F) Promoting more efficient and sustainable use of water supplies.

(G) Fostering integrated river basin and watershed management.

(H) Increasing awareness and use of healthy hygiene practices.

(I) Building the capacity of partner countries to plan and manage water resources in an

efficient, transparent, inclusive and environmentally sustainable manner.

(J) Promoting international and regional cooperation to share technologies and best practices.

(K) Mitigating conflict over water resources.

(L) Conducting research and developing technology to further the goal and objectives of this chapter.

(2) EXPANDING ACCESS TO ADEQUATE HOUSING.—

(A) Assessing housing and infrastructure needs.

(B) Upgrading existing housing to meet international humanitarian standards.

(C) Incentivizing the construction of affordable housing units.

(D) Improving community infrastructure, such as sidewalks, drainage ditches, and public lighting.

(E) Enhancing recognition and protection of legal rights to the ownership, lease and use of real property.

(F) Reducing gender and other discrimination in housing, property ownership, and municipal services.

(G) Developing and enforcing reasonable housing and construction codes to protect low-income residents and buyers.

(H) Encouraging the development and expansion of commercially oriented housing markets in partner countries, including home mortgage and insurance markets and financing for municipal infrastructure.

(I) Building the capacity of partner countries for improved urban planning and management.

SEC. 1605. DEFINITIONS.

In this chapter—

(1) the term ''adequate housing'' means housing that meets international humanitarian standards and includes—

(A) legal security of tenure;

(B) availability of services, materials, facilities, and infrastructure;

(C) affordability;

(D) habitability;

(E) accessibility;

(F) location; and

(G) cultural adequacy; and

(2) the term ''living conditions'' means the adequacy of water, sanitation, and housing for human habitation.

CHAPTER 7—FOSTERING GENDER EQUALITY

SEC. 1701. FINDINGS AND STATEMENT OF POLICY.

(a) FINDINGS.—Congress finds the following:

(1) Women and girls are the majority of the world's poor, unschooled, unhealthy, and underfed.

(2) Women around the world often work under substandard conditions, for longer hours, and with lower compensation, less income stability and fewer economic opportunities than men.

(3) Women are often excluded by law or practice from participating fully and equally in the political, economic, and social life of their country.

(4) Women own significantly less land than men and experience numerous barriers to ownership. Access to land and property rights offers women greater economic opportunity and security, greater protection from physical harm, better access to health, education, and financial services, and improved social status.

(5) Displaced, refugee, and stateless women and girls in humanitarian emergencies, conflict settings, and natural disasters are at extreme risk of violence, exploitation and intimidation.

(6) Violence against women dramatically impedes progress in meeting global health goals, including efforts to reduce maternal mortality and reverse the spread of HIV/AIDS.

(7) Ensuring that women have the ability to effectively plan families is one of the keys to expanding their economic opportunities. Yet hundreds of millions of women lack access to affordable, effective, and appropriate contraceptive methods and reproductive health care, putting them at greater risk of unintended pregnancies and serious health complications.

(8) Studies have shown that investments in women and girls have broad multiplier effects, particularly in the areas of health and education, which over the long run can significantly improve the future of communities and countries.

(9) Investments in women and girls can play a key role in reducing poverty, countering violent extremism, promoting stability, fostering tolerance and

reconciliation, and building strong and vibrant civil societies.

(10) Increasing women's access to economic opportunities is crucial to preventing and responding to domestic and sexual violence.

(11) Fostering gender equality requires strengthening rules, practices, and institutions that protect the rights of women and men, girls and boys, as well as including them in the design, implementation, and monitoring of programs to reduce poverty and alleviate human suffering.

(b) STATEMENT OF POLICY.—It is the policy of the United States to—

(1) invest in women and girls in partner countries as a matter of justice and human rights as well as to promote sustainable development and achieve internationally agreed development goals;

(2) include women and the organizations that represent them in the design, implementation, and monitoring of programs under this title;

(3) mainstream into the design, implementation, and evaluation of policies and programs at all levels an understanding of the distinctive impact that such policies and programs may have on women and girls, men and boys; and

(4) promote equal opportunities for all people, regardless of sex, to achieve their personal potential and maximize their contributions to the development of their families, communities, and countries.

SEC. 1702. GOAL AND OBJECTIVES.

(a) GOAL.—The goal of assistance under this chapter is to promote women's empowerment, gender equality, and gender integration.

(b) OBJECTIVES.—In furtherance of the goal of subsection (a), assistance under this chapter shall be designed to help partner countries achieve the following objectives:

(1) Increasing educational, economic, and political opportunities for women and girls.

(2) Building the capacity of women and girls to participate fully in decisions that affect their lives.

(3) Reducing legal and social barriers to women's participation in economic activity and political processes.

(4) Expanding the collection of sex-disaggregated data and the use of gender analysis.

(5) Integrating gender considerations into all international development policies and programs, including those carried out by all USAID bureaus, offices, and missions.

SEC. 1703. GLOBAL STRATEGY FOR GENDER EQUALITY.

(a) IN GENERAL.—The strategy required under section 1019 with respect to fostering gender equality shall be known as the ''Global Strategy for Gender Equality''.

(b) CONTENTS.—The Global Strategy for Gender Equality shall include, in addition to the elements required under section 1019(b), plans for achieving the goal and objectives in section 1702.

(c) GUIDELINES.—The Global Strategy for Gender Equality should—

(1) be coordinated and integrated with the comprehensive international strategy to prevent and respond to violence against women and girls, as required under section 3203, and with each sector strategy of development, as described in section 1019;

(2) include plans for preventing child marriage;

(3) address the ways in which the exclusion of, and discrimination against, women hinders economic growth and heightens the risks of conflict and instability;

(4) discuss exclusionary and discriminatory practices that are particularly harmful for the achievement of United States development goals and identify the countries in which such practices occur;

(5) include plans for hiring, training, deploying and retaining a diverse USAID workforce with appropriate expertise and responsibility for promoting women's empowerment, gender equality and gender integration around the world;

(6) establish policy and guidance for integrating gender considerations into all other international development strategies and programs;

(7) ensure that the goal and objectives of this chapter are reflected in the USAID's procurement regulations and procedures; and

(8) build accountability for gender integration into monitoring and evaluation systems.

(d) PREPARATION.—The Global Strategy for Equality shall be prepared by the Director of the Office of Gender Equality and Women's Empowerment, in coordination with the Policy, Planning and Learning Bureau and the Ambassador-at-Large for Global Women's Issues.

SEC. 1704. ASSISTANCE FOR GENDER EQUALITY.

(a) IN GENERAL.—The Administrator is authorized to use funds made available under section 1015 to further the goal and objectives of this chapter in partner countries.

(b) ACTIVITIES.—Assistance authorized under subsection (a) shall include—

(1) integrating women into the political, social, and economic systems of partner countries;

(2) developing laws, regulations, and policies that promote equal rights and prohibit discrimination in partner countries;

(3) providing leadership and technical training that improves the capacity of women and girls in partner countries to participate fully in decisions that affect their lives;

(4) enhancing the capacity of partner countries to undertake analysis of the specialized needs of women and girls in health, water, sanitation, housing, education, food, legal and financial services, and other sectors, and to develop policies and programs to meet those needs;

(5) enhancing the capacity of partner countries to prevent and respond to violence against women and girls; and

(6) research and innovation to improve the design, implementation, and monitoring and evaluation of United States foreign assistance for greater effectiveness in promoting gender equality and reducing sexual and gender-based violence.

SEC. 1705. OFFICE OF GENDER EQUALITY AND WOMEN'S EMPOWERMENT.

(a) ESTABLISHMENT.—There is established, within the United States Agency for International Development, an Office of Gender Equality and Women's Empowerment (referred to in this section as the ''Office'').

(b) DIRECTOR.—The Office shall be headed by a Director (referred to in this section as the ''Director''), who shall be highly qualified in matters relating to international development and gender integration. The Director shall report directly to the Administrator and consult regularly with the Ambassador-at-Large for Global Women's Issues.

(c) DUTIES.—The Director shall—

(1) advise the Administrator on matters relating to the advancement of women's global development;

(2) lead and coordinate all efforts of the United States Agency for International Development to empower women and promote gender equality in developing countries, including efforts to prevent and respond to gender-based violence;

(3) direct the preparation of the Global Strategy for Gender Equality under section 1703;

(4) mainstream into the design, implementation, and evaluation of policies and programs at all

levels an understanding of the distinctive impact that such policies and programs may have on women and girls;

(5) assist other bureaus, offices, and overseas missions in designing and revising strategies, programs, projects and activities to empower women and promote gender equality;

(6) monitor and evaluate the impact on women and girls of programs carried out by USAID; and

(7) disseminate information about lessons learned and best practices for advancing women's global development throughout USAID and other relevant Federal agencies.

SEC. 1706. PREVENTION OF CHILD MARRIAGE.

(a) FINDINGS.—Congress finds the following:

(1) Child marriage, also known as ''forced marriage'' or ''early marriage'', is a harmful traditional practice that deprives girls of their dignity and human rights.

(2) Child marriage as a traditional practice, as well as through coercion or force, is a violation of article 16 of the Universal Declaration of Human Rights, which states, ''Marriage shall be entered into only with the free and full consent of intending spouses''.

(3) Factors perpetuating child marriage include poverty, a lack of educational or employment opportunities for girls, parental concerns to ensure sexual relations within marriage, the dowry system, and the perceived lack of value of girls.

(4) Child marriage has negative effects on the health of girls, including significantly increased risk of maternal death and morbidity, infant mortality and morbidity, obstetric fistula, and sexually transmitted diseases, including HIV/AIDS.

(5) Most countries with high rates of child marriage have a legally established minimum age of marriage, yet child marriage persists due to strong traditional norms and the failure to enforce existing laws.

(6) Investments in girls' schooling, creating safe community spaces for girls, and programs to build skills for out-of-school girls are all effective and demonstrated strategies for preventing child marriage by addressing conditions of poverty, low status, and social norms that contribute to child marriage.

(b) STATEMENT OF POLICY.—It is the policy of the United States to seek the elimination of the practice of child marriage.

(c) AUTHORIZATION.—The Administrator is authorized to use funds made available under this chapter for programs to prevent the incidence of child marriage in partner countries through the promotion of educational, health, economic, social, and legal rights of girls and women.

(d) PRIORITY.—In providing assistance authorized under subsection (c), the Administrator should give priority to—

(1) areas or regions in developing countries in which 40 percent or more of girls under the age of 18 are married; and

(2) activities to—

(A) expand and replicate existing community-based programs that are successful in preventing the incidence of child marriage;

(B) establish pilot projects to prevent child marriage; and

(C) share evaluations of successful programs, program designs, experiences, and lessons.

SEC. 1707. COORDINATION OF EFFORTS TO PREVENT CHILD MARRIAGE.

(a) DESIGNATION.—The Administrator shall designate an official to lead and coordinate policies and programs of the Agency to prevent child marriage.

(b) ADDITIONAL DUTIES.—In addition to the responsibilities described in subsection (a), the official designated under subsection (a) shall—

(1) ensure that efforts to prevent child marriage are integrated into the relevant country and sector strategies prepared in accordance with sections 1018 and 1019; and

(2) collect and disseminate information on—

(A) best practices for preventing and reducing the incidence of child marriage;

(B) the incidence of child marriage in partner countries where the practice of child marriage is prevalent; and

(C) the relationship between prevalence of child marriage and the achievement of development goals.

(c) CONSULTATION.—In carrying out the duties under this section, the official designated under subsection (a) shall consult with a wide range of relevant stakeholders.

SEC. 1708. DEFINITIONS.

In this chapter:

(1) CHILD MARRIAGE.—The term ''child marriage'' means the marriage of a girl or a boy who has not reached the minimum legal age for marriage in the country of residence, or where there is no such law, under the age of 18.

(2) GENDER ANALYSIS.—The term ''gender analysis'' means the systematic examination of the different roles, rights, resources, constraints, and opportunities of men and women, boys and girls, in a society, economy, community or family.

(3) GENDER EQUALITY.—The term ''gender equality'' means equal opportunities for all people, regardless of sex, to achieve their personal potential and maximize their contributions to the development of their families, communities, and countries.

(4) GENDER INTEGRATION.—The term ''gender integration'' means incorporating gender analysis and the resulting recommendations in all policies, budgets, programming, and performance monitoring and evaluation.

CHAPTER 8—STRENGTHENING DEMOCRATIC GOVERNANCE

SEC. 1801. FINDINGS AND STATEMENT OF POLICY.

(a) FINDINGS.—Congress finds the following:

(1) Democratic development, political pluralism, and respect for internationally recognized human rights are intrinsically linked to economic and social progress. Efforts to reduce poverty and promote broad-based economic growth are more effective and sustainable in a political environment in which fundamental freedoms and the rule of law are respected, government institutions are broadly representative, and corruption is held to a minimum.

(2) Violent extremism that threatens United States national security flourishes where democratic governance is weak, justice uncertain, and legal avenues for change in short supply.

(3) Democracy can only be sustained in a society in which the legitimacy of the government rests firmly on the expressed consent of the governed; the rights of all citizens, including minorities, are respected and protected; and there is effective civilian control over the military and security forces.

(4) There is a growing worldwide movement toward more open, just and democratic societies. This trend is essential to achieving the United States ultimate objective of worldwide respect for human rights and fundamental freedoms without distinction as to race, sex, language, religion, sexual orientation, or

gender identity. At the same time, this trend holds great promise for promoting the peace of the world and the foreign policy, security, and general welfare of the United States.

(5) Preventing mass atrocities is a core national security interest and a core moral responsibility of the United States. Governmental engagement on atrocities too often arrives too late, when opportunities for prevention or low-cost, low-risk action have been missed. By helping partner countries to strengthen democratic institutions and practices and to manage diversity peacefully, responsibly and equitably, USAID can address many of the structural conditions that give rise to mass atrocities.

(6) Persons belonging to racial, ethnic, religious, and linguistic minorities, as well as lesbians, gays, bisexuals, and transgender individuals, and persons with disabilities are often subjected to discrimination, harassment, exploitation, intimidation, and exclusion. United States policies and programs should seek to foster equal opportunity and equal access to justice for all people, including marginalized groups.

(7) Civil society organizations and activists worldwide contribute in unique and essential ways to

development as innovative agents of change and social transformation. In particular, such organizations have an important role to play in bringing the voices of the poor to influence government policies, and to hold governments and other powerful actors to account for their actions. A diverse, strong, and independent civil society sector is critical for the sustainable reduction of poverty.

(8) Democracy cannot be imposed from without. However, the United States should encourage all states to meet their obligations under international law to uphold and protect human rights and fundamental freedoms, and should support the aspirations of those who seek through peaceful means to make their governments more democratic and accountable.

(9) Democracy takes time to become firmly rooted in society and in the political system. While short-term interventions can be important and effective means for preventing abuses and opening windows of opportunity, democratic development generally requires sustained effort and a comprehensive approach.

(b) STATEMENT OF POLICY.—It is the policy of the United States to—

(1) support democratic aspirations and values, foster the spread of democratic institutions, and encourage universal respect for internationally recognized human rights, including civil and political liberties;

(2) recognize that, to be successful, such support must not be defined narrowly in terms of parties and elections and government institutional capacity building, but must include other, equally important, aspects of democratic development, including—

(A) independent and balanced media;

(B) impartial and competent judicial processes that deliver access to justice;

(C) respect for human rights and fundamental freedoms; and

(D) a vibrant civil society that engages meaningfully with government; and

(3) take into consideration a country's commitment to good governance, respect for the rule of law and protection of internationally recognized human rights in providing assistance under this subtitle.

SEC. 1802. GOAL AND OBJECTIVES.

(a) GOAL.—The goal of assistance under this chapter is to strengthen democratic institutions and practices and promote human rights in partner countries.

(b) OBJECTIVES.—In furtherance of the goal of subsection (a), assistance under this chapter shall be designed to help partner countries achieve the following objectives:

(1) Improving government responsiveness, accountability, transparency and effectiveness.

(2) Increasing the capacity and participation of civil society.

(3) Strengthening the observance of internationally recognized human rights and the rule of law.

(4) Fostering political competition and consensus-building.

(5) Protecting and expanding democratic space for civil society organizations to operate.

SEC. 1803. ASSISTANCE FOR DEMOCRATIC STRENGTHENING.

(a) IN GENERAL.—The Administrator is authorized to use funds made available under section 1015 to further the goal and objectives of this chapter in partner countries.

(b) ACTIVITIES.—Assistance authorized under subsection (a) shall include support for the following:

(1) Conducting free, legitimate, credible, and fair national, state, and local elections.

(2) Developing and strengthening open, democratic, peaceful and effective political parties.

(3) Enhancing the responsiveness and effectiveness of public administration.

(4) Building professional, transparent and responsible legislatures.

(5) Developing and strengthening free, independent and professional media.

(6) Fostering inclusive and transparent legislative and regulatory processes at all levels of government.

(7) Decentralization efforts and the development of capable, representative local government institutions.

(8) Strengthening civilian, democratic control over the military.

(9) Combating corruption and promoting financial integrity.

(10) Improving the independence, impartiality, transparency and competence of judicial officials and processes.

(11) Revising and modernizing laws, constitutions, and legal frameworks.

(12) Expanding access of crime victims and witnesses to legal information and services.

(13) Promoting official recognition of, and respect in practice for, internationally recognized human rights.

(14) Supporting and assisting international and domestic courts and tribunals investigating and prosecuting instances of mass atrocities.

(15) Rehabilitating victims of torture, including activities specifically designed to treat the physical and psychological effects of torture.

(16) Preventing and responding to abuses such as human trafficking, sexual and gender-based violence, the conscription of children into armed forces, the use of child labor and the practice of child marriage.

(17) Strengthening the capacity of civil society organizations to participate effectively in public life and provide input into government decisions.

(18) Increasing citizen awareness of rights and responsibilities, and encouraging greater participation in political processes.

(19) Promoting tolerance, dialogue, and peaceful dispute resolution.

(20) Reducing the risk of mass atrocities through early warning and early action.

(21) Fostering equal rights and equal opportunities for marginalized groups.

(22) Countering laws, regulations, policies, and practices that restrict civil space.

(23) Expanding public access to information and communications, including through the Internet.

(24) Implementing Action Plans for Human Rights and Democracy prepared pursuant to section 3103.

SEC. 1804. ADVISORY COMMITTEE ON DEMOCRACY PROMOTION.

(a) ESTABLISHMENT.—There is established an Advisory Committee on Democracy Promotion (in this section referred to as the ''Advisory Committee''). The Advisory Committee shall report to the Secretary and the Administrator.

(b) PURPOSE.—The purpose of the Advisory Committee is to review and make recommendations on how to improve United States Government efforts to promote democracy internationally.

(c) DUTIES.—The duties of the Advisory Committee shall include consulting with, providing information to, and advising the Secretary and the Administrator on

1 issues relating to democracy promotion in the formulation
2 and implementation of United States foreign policy and
3 foreign assistance, including such matters as—

4 (1) the means by which the United States Gov-
5 ernment should promote democracy, depending on
6 circumstances in foreign countries;

7 (2) the integration of democracy considerations
8 into United States diplomatic and development ef-
9 forts;

10 (3) the special challenges of setting indicators
11 and measuring impact in the field of democracy and
12 governance;

13 (4) lessons learned and best practices in inter-
14 national democracy promotion;

15 (5) the balance between strengthening civil soci-
16 ety and strengthening governance;

17 (6) the application of principles of country own-
18 ership in undemocratic or democratic transition
19 countries;

20 (7) the application of marking and branding
21 rules to democracy programs;

22 (8) the consistency of democracy policies and
23 programs across Federal agencies; and

24 (9) the parameters for operating in undemo-
25 cratic and conflict settings.

(d) MEMBERSHIP.—

(1) NUMBER AND APPOINTMENT.—The Advisory Committee shall be composed of 8 individuals appointed by the Secretary and 7 individuals appointed by the Administrator who are experts in various aspects of the field of international democracy, human rights, and good governance.

(2) TERMS.—Members of the Advisory Committee shall serve a term of 2 years, and may be appointed to consecutive terms.

(3) INDIVIDUAL CAPACITY.—Members of the Advisory Committee shall serve in an individual, not a representative, capacity.

(4) CHAIRPERSON AND VICE CHAIRPERSON.—The Chairperson of the Advisory Committee shall be designated by the Secretary, and the Vice Chairperson of the Advisory Committee shall be designated by the Administrator, at the time of their appointment to the Advisory Committee.

(e) REPORT.—

(1) IN GENERAL.—The Advisory Committee shall submit to the Secretary and the Administrator on an annual basis a report that describes the activities of the Advisory Committee during the preceding year.

(2) AVAILABILITY TO PUBLIC.—The report required by paragraph (1) shall be made publicly available on the Internet.

(f) MEETINGS.—The Advisory Committee shall hold not less than 4 meetings each year.

(g) SUBCOMMITTEES.—The Advisory Committee may establish subcommittees and special task forces, as determined necessary by the Advisory Committee. Any such subcommittee or special task force shall meet subject to the call of the Chairperson of the subcommittee or special task force, as the case may be.

SEC. 1805. FOREIGN GOVERNMENT APPROVAL AND CONDITIONALITY.

(a) FOREIGN GOVERNMENT APPROVAL.—The Administrator shall not require the approval or agreement of a foreign government for—

(1) specific programs, projects, or activities authorized under this chapter; or

(2) specific organizations carrying out assistance authorized under this chapter.

(b) FOREIGN GOVERNMENT CONDITIONALITY.—The Administrator shall not terminate assistance authorized under this chapter for a country pursuant to, or in order to conclude, an agreement to provide other forms of assistance for such country.

SEC. 1806. RELATIONSHIP TO OTHER LAWS.

Assistance authorized under this chapter to promote human rights, strengthen civil society, and foster a free and fair election, referendum, or vote may be made available notwithstanding any provision of law that restricts assistance to a foreign country.

SEC. 1807. PROHIBITING ASSISTANCE TO INFLUENCE THE OUTCOME OF ELECTIONS.

(a) IN GENERAL.—No assistance authorized under this chapter shall be used to influence the outcome of any elections in any country.

(b) EXCEPTION.—The prohibition in subsection (a) shall not be construed to prohibit programs that make a good faith effort to assist all democratic parties with equitable levels of assistance.

SEC. 1808. PROTECTED SPEECH.

Notwithstanding any other provision of law, regulation, or policy, in determining eligibility for assistance under this title, foreign nongovernmental organizations—

(1) shall not be ineligible for such assistance solely on the basis of health or medical services, including counseling and referral services, provided by such organizations with non-United States Government funds, if such services—

(A) do not violate the laws of the country in which they are being provided, and

(B) would not violate United States Federal law if provided in the United States; and

(2) shall not be subject to requirements relating to the use of non-United States Government funds for advocacy and lobbying activities other than those that apply to United States nongovernmental organizations receiving assistance under this title.

Subtitle B—Alleviating Human Suffering

SEC. 1901. FINDINGS AND STATEMENT OF POLICY.

(a) FINDINGS.—Congress finds the following:

(1) Natural disasters can temporarily overwhelm the capacity of countries, regardless of wealth and technological advancement, to meet basic human needs and protect people from harm. Such disasters are likely to increase in number and severity along with the changes in the world's climate, the degradation of the environment, and the expansion of the world's population.

(2) Conflict, weak and poor governance, corruption, and repression increase vulnerability to humanitarian crisis, aggravate the impact of physical and environmental shocks, complicate the ability to respond effectively, and lengthen the recovery period.

(3) Conflicts, human rights violations, and natural disasters often uproot people within their own countries. Forced to abandon their homes and livelihoods, and without access to the rights and resources available to those who cross an international border, these internally displaced persons are among the world's most vulnerable and neglected people.

(4) Persons affected by conflict are at greatly heightened risk of sexual and gender-based violence. Such risk can be mitigated through proper design and implementation of humanitarian programs, especially those relating to water and sanitation, health, shelter, food, education, energy, and livelihoods, as well as through specific protection measures.

(5) In protracted crises, humanitarian resources are often exhausted before the essential conditions are in place for long-term, sustainable development. In addition, lack of expertise and training, inadequate coordination, and unclear or narrow mandates often leave programming gaps. Coordinated action is required to address basic human needs at every stage of the transition, from emergency relief to recovery, rehabilitation, reconstruction, and development.

(6) Continuity of educational activities for all children is an essential humanitarian need. Assistance to countries affected by conflict or crisis should include formal and informal education services to ensure that children are able to continue their schooling and are protected from physical harm, psychological and social distress, recruitment into armed groups, family separation, and abuses related to their displacement.

(7) Nongovernmental organizations play a leading role in humanitarian action, not only by delivering relief in underserved areas, but also by contributing a significant proportion of the international resources, by developing effective and innovative techniques and methodologies, by maintaining long-term relationships of trust with affected communities, by establishing reputations for independence, impartiality and neutrality, by integrating knowledge and expertise about local languages, customs, conditions, and needs, by bridging the gaps between relief and development, and by advocating for those in greatest need.

(8) The United Nations plays a central, unique, and vital role in leading and coordinating international humanitarian assistance. Its organs and af-

filiated agencies have capabilities and expertise that far exceed the ability of any single donor to respond to humanitarian needs. The collective voice of these partners frequently enhances United States bilateral efforts and often plays a useful role in gaining access and achieving results where United States influence might otherwise be limited.

(9) Multilateralism allows the United States to leverage its humanitarian contributions as part of a wider international donor effort and helps ensure that United States efforts complement those of other donors. To be effective, United States engagement with multilateral humanitarian organizations requires predictable funding and strong diplomatic engagement in policy development and institutional management.

(b) STATEMENT OF POLICY.—It is the policy of the United States to save lives, alleviate human suffering wherever possible, and protect vulnerable populations, taking action solely on the basis of need, without discrimination between or within affected populations, without regard to diplomatic, economic, military, or other objectives of the United States, and without favoring any side in an armed conflict or other dispute.

SEC. 1902. GOAL AND OBJECTIVES.

(a) GOAL.—The goal of assistance under this subtitle is to save lives, alleviate suffering, maintain human dignity, and protect and uphold the rights of extremely vulnerable people.

(b) OBJECTIVES.—In furtherance of the goal of subsection (a), assistance under this subtitle shall be designed to achieve the following objectives:

(1) Provide quick and effective relief in the aftermath of disasters, whether natural or human-caused.

(2) Facilitate the transition to self-sufficiency and safe lives and livelihoods.

(3) Protect civilians affected by conflict, disaster, and displacement from physical harm, persecution, exploitation, abuse, malnutrition and disease, family separation, gender-based violence, forcible recruitment and other threats to human rights.

(4) Build capacity to prevent and mitigate the effects of conflict, disasters, and displacement.

SEC. 1903. HUMANITARIAN PRINCIPLES.

(a) IN GENERAL.—United States humanitarian action shall be carried out in accordance with the following principles:

(1) The central purpose of humanitarian action is to save lives, alleviate human suffering, and protect vulnerable population wherever possible.

(2) Humanitarian action should be impartial, based solely on and in proportion to need, without discrimination between or within affected populations, and without regard to the political views, national origin, or religious affiliation of the beneficiaries.

(3) Humanitarian action should be neutral, without furthering a political or religious agenda or favoring any side in an armed conflict or other dispute where such humanitarian action is carried out.

(4) Humanitarian action should be independent, without regard to the political, economic, military, or other objectives that any actor may hold in relation to the affected areas and populations.

(5) Humanitarian action should be undertaken in accordance with international human rights law, international humanitarian law, refugee law, and the United Nations Guiding Principles on Internal Displacement.

(6) Humanitarian action should meet international standards, using the SPHERE Minimum Standards for Disaster Response and the Inter-

Agency Standing Committee guidelines as benchmarks, should be informed by the INEE Minimum Standards, and should promote the principles and practices of Good Humanitarian Donorship.

(7) Protection of civilians affected by conflict, disaster, and displacement from physical harm, persecution, exploitation, abuse, malnutrition and disease, family separation, sexual and gender-based violence, forcible recruitment, and other threats to human rights is a core element of humanitarian action.

(8) Humanitarian action should be primarily civilian in nature. The Department of Defense should provide humanitarian assistance overseas only as a last resort when there is no comparable civilian alternative and when the use of military or civil defense assets can uniquely meet a critical humanitarian need.

(9) When the military is required to support a humanitarian response, its participation should be subject to the overall leadership, coordination and policy guidance of civilian agencies, who must be provided the requisite resources and authorities to perform this leadership role.

(10) The United States should adopt, between the Department of State and USAID, a lead-agency approach with a clear division of leadership and responsibility for humanitarian response. Under the guidance of the President, the Secretary should lead for operations responding to political and security crises, while the Administrator should lead for operations in response to humanitarian crises resulting from large-scale natural or industrial disasters, famines, disease outbreaks, and other natural phenomena.

(11) Humanitarian action should be undertaken in a timely, flexible, and efficient manner on the basis of assessed needs.

(12) In addition to providing funding for relief efforts, the United States should use its leverage to assist humanitarian agencies in obtaining secure, unfettered access to survivors in crisis situations.

(13) To ensure impartiality, neutrality, independence, and the appearance thereof, humanitarian action should be implemented by intergovernmental and nongovernmental international humanitarian organizations, in partnership with local communities, indigenous organizations, and affected governments whenever possible.

(14) Individuals affected by conflict, disaster, persecution, and displacement have the greatest stake in the performance of humanitarian programs and should, to the greatest possible extent, be involved in the design, implementation, monitoring, and evaluation of such programs.

(15) Humanitarian, reconstruction, and development programs should be coordinated, planned, and funded to ensure continuity of life-sustaining services during transition phases.

(16) Humanitarian, development, and other economic assistance programs should be designed with an eye toward reducing the risk and impact of future conflict and crisis and building resiliency among the most vulnerable populations.

(17) United States humanitarian action should strive to ensure that refugees, internally displaced persons, and other conflict-affected individuals and communities are treated equally in the application of policy and the allocation of resources.

(18) To promote learning, accountability, transparency, and the efficient use of resources, the United States should support independent monitoring and evaluation of all humanitarian assistance.

(b) DEFINITION.—In this section—

(1) the term ''United States humanitarian action'' or ''humanitarian action'' means—

(A) humanitarian assistance as defined in section 6;

(B) assistance under any provision of law to save lives, alleviate human suffering, and protect vulnerable populations in an international disaster; and

(C) diplomatic and military activities in support of the goal and objectives of this chapter; and

(2) the term ''INEE Minimum Standards'' means the standards for education developed by the Inter-Agency Network on Education in Emergencies for use in emergency response, emergency preparedness, and humanitarian advocacy.

SEC. 1904. INTERNATIONAL DISASTER ASSISTANCE.

(a) AUTHORIZATION.—Notwithstanding any other provision of this or any other Act, the Administrator is authorized to provide assistance to any foreign country, international organization, or private voluntary organization, on such terms and conditions as the Administrator may determine, for international disaster relief, recovery, and reconstruction, including assistance relating to disaster preparedness, and to the prediction of, and contin-

gency planning for, disasters and humanitarian crises abroad.

(b) AVAILABILITY OF FUNDS.—Amounts made available under this section are authorized to remain available until expended.

(c) REIMBURSEMENT AUTHORITY.—In addition to amounts otherwise available to carry out this section, up to $100,000,000 of amounts made available under subtitle A in any fiscal year may be obligated for the purposes of, and in accordance with the authorities of, this section. Amounts subsequently made available under this section may be used to reimburse any account under which obligations were incurred under this subsection.

SEC. 1905. EMERGENCY HUMANITARIAN RESPONSE FUND.

(a) AUTHORITY.—Whenever the Administrator determines it to be important to the national interest of the United States, the Administrator is authorized to provide, on such terms and conditions as the Administrator may determine, assistance under this section for the purpose of meeting unexpected urgent humanitarian and food assistance needs, notwithstanding any other provision of law.

(b) ESTABLISHMENT.—There is established a United States Emergency Humanitarian Response Fund to carry out the purposes of this section (in this section referred to as the ''Fund'').

(c) TRANSFER AUTHORITY; AVAILABILITY OF FUNDS.—In addition to amounts otherwise available to carry out this section, the President is authorized to transfer to the Fund from amounts made available under any other provision of this Act such sums as may be necessary to carry out the purposes of this section, except that the total amount in the Fund at any time shall not exceed $500,000,000. Amounts in the Fund are authorized to remain available until expended.

(d) NOTIFICATION.—The President shall keep the appropriate congressional committees currently informed of the use of funds and the exercise of functions authorized in this section.

SEC. 1906. DEFINITIONS.

In this subtitle:

(1) DISASTER.—The term ''disaster'' means a human-caused or natural occurrence that causes loss of life, health, property, or livelihood, inflicting severe destruction and distress.

(2) INTERNATIONAL DISASTER RELIEF, RECOVERY, AND RECONSTRUCTION.—The term ''international disaster relief, recovery, and reconstruction'' means—

(A) disaster planning and preparedness, disaster risk reduction, and other actions to

mitigate death and destruction in the event of a disaster;

(B) immediate actions intended to save lives, alleviate human suffering, and protect vulnerable populations during and after a disaster;

(C) short-term measures to facilitate the transition to self-sufficiency and safe lives and livelihoods following a disaster; and

(D) actions to begin to reconstitute basic services and facilities following a disaster.

(3) PROTECT.—The terms ''protect'' and ''protection''—

(A) mean all activities aimed at obtaining full respect for the rights of the individual in accordance with international human rights law, international humanitarian law, refugee law, and the United Nations Guiding Principles on Internal Displacement; and

(B) include activities to prevent, reduce, or mitigate the impact of violence, coercion, deprivation, or abuse on individuals or groups during international disasters.

TITLE II—ADVANCING PEACE AND MITIGATING CONFLICT

SEC. 2001. FINDINGS AND STATEMENT OF POLICY.

(a) FINDINGS.—Congress finds the following:

(1) Peacebuilding involves the full range of approaches, processes, and stages of transforming violent conflict into stable, peaceful relationships.

(2) Because many of the greatest threats to United States national security have emerged from failed states, it is in the national security interest of the United States to support peacebuilding efforts to stabilize and secure fragile states and states under stress.

(3) United States peacebuilding efforts are most effective when they are undertaken in cooperation with the international community, and when they build local capacity to prevent and stop violence and mass atrocities.

(4) In the event that prevention fails, the United States has an obligation to work both multilaterally and bilaterally to mobilize diplomatic, humanitarian, financial, and when necessary and appropriate, military resources to save lives and protect civilian populations.

(5) Civil society organizations, including international nongovernmental organizations and local community groups, play an important role in promoting nonviolent conflict resolution, fostering harmony among religions, ethnic groups, communities, and factions, and facilitating second-track diplomacy. By coordinating with and working through such organizations, the United States can strengthen the effectiveness of its peacebuilding programs.

(b) STATEMENT OF POLICY.—It is the policy of the United States to promote civilian security and long-term sustainable, secure, and stable communities.

SEC. 2002. DEFINITION.

In this title, the term ''peacebuilding'' means activities to prevent armed conflict, prevent and respond to mass atrocities, stabilize weak and fragile states, protect civilians in conflict zones, mitigate crises, help countries to rebuild and recover after conflict, and support transitions to peace, stability, and democracy.

Subtitle A—General Authorities

SEC. 2011. PEACEKEEPING.

(a) STATEMENT OF POLICY.—It is the policy of the United States to employ a variety of unilateral, bilateral, and multilateral means to respond to international conflicts and crises, placing a high priority upon timely, pre-

1 ventive diplomatic efforts and exercising a leadership role
2 in promoting international efforts to end crises peacefully.
3 (b) AUTHORIZATION.—The Secretary is authorized to
4 provide assistance to foreign countries, international orga-
5 nizations, and regional arrangements, on such terms and
6 conditions as the Secretary may determine, for peace-
7 keeping operations in furtherance of the national security
8 interests of the United States.
9 (c) REIMBURSEMENT.—Such assistance may include
10 reimbursement for expenses incurred pursuant to section
11 7 of the United Nations Participation Act of 1945 (22
12 U.S.C. 287d–1), except that such reimbursements may
13 not exceed $5,000,000 in any fiscal year unless a greater
14 amount is specifically authorized by law.
15 (d) DETERMINATION.—If the President determines
16 that, as the result of an unforeseen emergency, the provi-
17 sion of assistance under this section in amounts in excess
18 of amounts otherwise made available for such assistance
19 is important to the national interests of the United States,
20 the President may—
21 (1) exercise the authority of section 10602 to
22 transfer amounts made available to carry out section
23 4103 for use under this section without regard to
24 the 20 percent increase limitation contained in sec-
25 tion 10602, except that the total amount so trans-

ferred in any fiscal year may not exceed $15,000,000; and

(2) in the event the President also determines that such unforeseen emergency requires the immediate provision of assistance under this section, direct the drawdown of commodities and services from the inventory and resources of any agency of the United States Government of an aggregate value not to exceed $25,000,000 in any fiscal year.

SEC. 2012. TRANSITION INITIATIVES.

(a) AUTHORIZATION.—The Administrator is authorized to provide, notwithstanding any other provision of law, assistance to support the transition to peace, democracy, and sustainable development of a country or region that is at risk of, in, or in transition from, conflict or civil strife.

(b) USE OF FUNDS.—Assistance under this section includes support for the following:

(1) Developing or strengthening democratic institutions and processes.

(2) Short-term economic and political stabilization.

(3) Reconstructing or revitalizing basic infrastructure.

(4) Fostering reconciliation and the peaceful resolution of conflict.

(c) TRANSFER AUTHORITY.—If the Secretary determines that it is important to the national interests of the United States to provide transition assistance in excess of amounts appropriated or otherwise made available under this section, up to $25,000,000 of the funds made available under this Act may be used for purposes of this section and under the authorities applicable to funds made available under this section.

(d) NOTIFICATION.—

(1) BY ADMINISTRATOR.—The Administrator shall notify the appropriate congressional committees not less than 5 days before beginning a new program of assistance under this section.

(2) BY SECRETARY.—The Secretary shall notify the appropriate congressional committee not less than 5 days before making a transfer pursuant to subsection (c).

SEC. 2013. LIMIT ON PAYMENT TO UNITED NATIONS AND AFFILIATED AGENCIES.

Section 404(b) of the Foreign Relations Authorization Act, Fiscal Years 1994 and 1995 (Public Law 103–236; 22 U.S.C. 287e note) is amended—

(1) by striking ''CONTRIBUTIONS.—'' and all that follows through ''Funds authorized'' and inserting ''CONTRIBUTIONS.—Funds authorized''; and

(2) by striking paragraph (2).

SEC. 2014. AVAILABILITY OF AIRCRAFT.

(a) IN GENERAL.—The Secretary of Defense is authorized to make available, on a nonreimbursable basis, aircraft maintained and operated by the Department of Defense, to transport Department of State personnel to prevent or respond to a conflict or civil strife, including for use by Assistant Secretaries of State to conduct emergency diplomatic missions in their regions of concern. Such aircraft may include those aircraft assigned to combatant commanders in the Unified Command Plan.

(b) REQUEST.—A request to utilize the aircraft referred to in subsection (a) shall be provided to the Secretary of Defense by the Secretary of State.

SEC. 2015. COMPLEX CRISIS, STABILIZATION, AND PREVENTION FUND.

(a) ESTABLISHMENT OF FUND.—

(1) IN GENERAL.—The Secretary is authorized to establish a fund, to be known as the ''Complex Crisis, Stabilization, and Prevention Fund'' (referred to in this section as the ''Fund''), to provide assistance to a country or region designated by the Sec-

retary as a country at risk of, in, or in transition from, conflict or civil strife and for other purposes authorized in this section.

(2) CONGRESSIONAL NOTIFICATION.—The Secretary shall notify the appropriate congressional committees at least five days in advance of an obligation of funds under this section.

(3) WAIVER.—The requirement for notification under paragraph (2) may be waived if—

(A) failure to do so would pose a substantial risk to human health or welfare;

(B) the appropriate congressional committees are notified not later than three days after an obligation of funds; and

(C) such notification contains an explanation of the emergency circumstances necessitating such waiver.

(4) PURPOSE OF ASSISTANCE.—Assistance may be provided under this section for the following purposes:

(A) Fostering reconstruction or stabilization.

(B) Mitigating or responding to emerging or unforeseen complex crises, including urgent

political, social, or economic challenges that threaten stability.

(C) Addressing systemic and immediate causes of crises and conflict.

(D) Undertaking preventive measures to reduce the risk of crises and conflict and their impact on vulnerable populations.

(b) LIMITATION.—The Secretary shall ensure that assistance provided under this section is not used for—

(1) assistance of a military nature or for a military purpose; or

(2) participation by an officer or employee of the United States in a foreign police action.

(c) CONFLICT PREVENTION.—Not less than 25 percent of amounts made available to carry out this section shall be used to support programs and activities to prevent an outbreak or escalation of violence in a country at risk of, in, or in transition from, conflict or civil strife.

(d) TRANSFER.—

(1) IN GENERAL.—The President may transfer up to $500,000,000 of amounts made available under any other provision of law to be used to implement the purposes of this section.

(2) ADDITIONAL AMOUNTS.—Notwithstanding any other provision of law, up to $5,000,000 or five

percent, whichever is less, of any amounts that are specifically designated by this or any other Act for particular programs or activities may be transferred to carry out the purposes of this section.

(e) RELATIONSHIP TO OTHER LAWS.—Assistance provided from the Fund may be made available notwithstanding any other provision of law.

SEC. 2016. ADDRESSING VIOLENCE AGAINST WOMEN AND GIRLS IN HUMANITARIAN RELIEF, PEACEKEEPING, CONFLICT, AND POST-CONFLICT SETTINGS.

(a) ACTIVITIES OF THE DEPARTMENT OF STATE AND AGENCY.—

(1) DUTIES.—The Secretary and the Administrator are authorized to—

(A) provide assistance to programs carried out by international organizations, international and local nongovernmental organizations, and governments, as appropriate, that—

(i) prevent and respond to violence against women and girls in humanitarian relief, in a country or region at risk of, in, or in transition from, conflict or civil strife;

(ii) build the capacity of humanitarian organizations and government authorities,

as appropriate, to address the special protection needs of women and children;

(iii) support efforts to provide immediate assistance to survivors of violence and reintegrate such individuals through education, psychosocial assistance, trauma counseling, family and community reinsertion and reunification, medical assistance, and economic opportunity programs; and

(iv) provide legal services for women and girls who are victims of violence;

(B) work to incorporate activities to prevent and respond to violence against women and girls internationally into any multilateral or bilateral disarmament, demobilization, rehabilitation, and reintegration efforts by—

(i) providing protection and suitable separate facilities in demobilization and transit centers for women and girls formerly involved in, or associated with, fighting forces;

(ii) ensuring equitable reintegration activities and opportunities for such women and girls, including access to

schooling, vocational training, employment, and childcare;

(iii) providing essential medical care and psychosocial support for such women and girls who are victims of violence; and

(iv) incorporating prevention and response to violence against women and girls into programs for former combatants;

(C) designate and deploy specialists in violence against women and girls, as appropriate, as an integral part of the Agency's Disaster Assistance Response Teams to ensure the integration of prevention and response to violence against women and girls internationally in strategies and programming; and

(D) strive to ensure that all private partners and others carrying out humanitarian relief in a country or region at risk of, in, or in transition from conflict or civil strife—

(i) train all humanitarian workers in preventing and responding to violence against women and girls, including in the use of mechanisms to report violence against women and girls;

(ii) conduct appropriate public outreach to make known to the host community the mechanisms to report violence against women and girls; and

(iii) promptly and appropriately respond to reports of violence against women and girls and treat survivors in accordance with best practices regarding confidentiality.

(b) COORDINATION OF UNITED STATES GOVERNMENT EFFORTS.—The Secretary of Defense and the Attorney General shall coordinate with the Secretary of State and the Administrator when carrying out programs relevant to the purposes of this section.

(c) ENHANCING UNITED STATES LEADERSHIP AND ADVOCACY IN THE UNITED NATIONS.—

(1) STRENGTHENING UNITED NATIONS PROCEDURES.—The Secretary, in consultation with the Administrator and the United States Permanent Representative to the United Nations, is authorized to promote United Nations efforts to—

(A) develop and implement appropriate training programs for peacekeeping and humanitarian personnel in prevention and response to

violence against women and girls internationally;

(B) meet staffing goals for women military and police peacekeepers, including all-women teams and units;

(C) enhance the deployment of civilian women at all levels to serve in peacekeeping missions, including through innovative staffing formulas;

(D) institute effective protection mechanisms in and around United Nations-managed refugee and internally displaced persons camps;

(E) implement a zero tolerance policy for sexual exploitation and abuse in United Nations peacekeeping and humanitarian operations;

(F) support countries that contribute troops and police in—

(i) taking appropriate actions to prevent violence and abuse;

(ii) providing materials for pre-deployment and in-theater awareness training; and

(iii) taking other actions to promote full accountability in cases of abusive con-

duct involving the personnel of such countries;

(G) continue to expand appropriate mechanisms to permit individuals to safely bring to the attention of United Nations peacekeeping commanders and heads of humanitarian missions allegations of violence against women and girls internationally; and

(H) ensure the capacity of the United Nations Office of Internal Oversight to investigate in a timely and efficient manner all credible allegations of violence against women and girls internationally, while protecting the whistleblower.

(d) EMERGENCY RESPONSE TO VIOLENCE AGAINST WOMEN AND GIRLS.—

(1) EMERGENCY RESPONSE.—Not later than 45 days after receiving a credible report of serious or widespread incidents of violence against women and girls in a situation of armed conflict or civil strife, the Secretary and the Administrator shall, in consultation with relevant stakeholders, identify and implement emergency response measures.

(2) CONSULTATION.—For the purposes of paragraph (1), the term ''relevant stakeholders'' includes, as appropriate—

(A) affected populations;

(B) international, multilateral, and nongovernmental organizations operating in the affected area;

(C) the government of the country in which the violence is occurring;

(D) governments in the region in which the violence is occurring; and

(E) donor governments.

(3) CONGRESSIONAL BRIEFINGS.—The Secretary shall brief the appropriate congressional committees not less than quarterly on the status of incidents of violence against women and girls in situations of armed conflict or civil strife, emergency response measures taken, and consultations with relevant stakeholders.

SEC. 2017. DEMINING ACTIVITIES.

(a) IN GENERAL.—The Secretary is authorized, notwithstanding any other provision of law, to provide assistance to foreign countries for demining activities, including—

(1) clearance of unexploded ordinance;

(2) the destruction of small arms; and

(3) related activities.

(b) SPECIAL AUTHORITY.—Subject to such terms and conditions as the Secretary may prescribe, the Secretary is authorized to make grants of demining equipment to foreign countries and international organizations, for the purposes identified in this section.

SEC. 2018. DISARMAMENT, DEMOBILIZATION, REINTEGRATION, AND REHABILITATION ACTIVITIES.

(a) IN GENERAL.—The Secretary, in coordination with the Administrator, is authorized to carry out programs in foreign countries to assist the disarmament, demobilization, reintegration, and rehabilitation of former combatants.

(b) COORDINATION.—The programs referred to in subsection (a) shall be coordinated, as appropriate, with international nongovernmental organizations and the government of the country in which any such program is carried out.

Subtitle B—Strategies, Assessments, and Reports

SEC. 2021. REGIONAL CONFLICT RISK ASSESSMENT AND CONFLICT MITIGATION STRATEGY.

(a) FINDINGS.—Congress finds the following:

(1) Armed conflict and civil strife often stem from dynamics that transcend traditional state borders and require cross-border and regional approaches.

(2) United States diplomacy is often conducted on a bilateral, state-centric basis that fails to address problems comprehensively or to identify and assess the full range of issues and opportunities.

(3) A comprehensive approach towards conflict prevention is required, incorporating cross border and regional dynamics and non-state actors.

(b) CONFLICT ASSESSMENT.—The Secretary, acting through the Under Secretary for Civilian Security, Democracy, and Human Rights and in consultation with the Administrator, shall be responsible for ensuring that an annual regional conflict risk assessment is conducted for each geographic region represented by an Assistant Secretary. Each assessment shall include the following:

(1) An identification of ongoing violent conflicts in the region.

(2) An evaluation of the potential for outbreaks of violent conflict in the region.

(3) A list of those conflicts determined to be at high risk of outbreak of escalation.

(4) A description of new opportunities and challenges for conflict mitigation in the region.

(c) CONFLICT MITIGATION STRATEGY.—For each conflict identified in subsection (b)(3), the relevant office or diplomatic or consular post of the Department of State, in consultation with the relevant office or overseas mission of the Agency, shall develop a conflict mitigation strategy. Such strategy shall include the following elements:

(1) An analysis of the key drivers of potential conflict.

(2) An analysis of the impact of current United States policies and programs on the drivers referred to in paragraph (1).

(3) Specific objectives in mitigating conflict for the next 1- to 3-year period, including indicators and other measurements of progress.

(4) A plan for ensuring that basic human needs are met and civilians are protected during the period of the strategy.

(5) A description of policies and programs needed to achieve the objectives identified in paragraph (3).

(6) A description of how such policies and programs will be coordinated with the policies and pro-

grams of local partners and the international community.

(7) A description of the roles of each Federal agency in carrying out the conflict mitigation strategy, and the mechanisms for interagency coordination.

(8) The requirements for human and financial resources to carry out the conflict mitigation strategy over the next 1- to 3-year period.

(d) CONSULTATION.—In preparing each conflict mitigation strategy required under subsection (c), the relevant office or diplomatic or consular post of the Department of State shall consult with a wide range of local stakeholders, including civil society organizations.

(e) TRANSMISSION TO CONGRESS.—Each conflict mitigation strategy required under subsection (c) shall be transmitted to the appropriate congressional committees.

SEC. 2022. DATA ON COSTS INCURRED IN SUPPORT OF UNITED NATIONS PEACEKEEPING OPERATIONS.

(a) QUARTERLY REPORTS.—The Secretary of Defense shall submit, on a quarterly basis, to the Committee on Armed Services of the House of Representatives, the Committee on Armed Services of the Senate, the Committee on Foreign Affairs of the House of Representatives,

and the Committee on Foreign Relations of the Senate a report setting forth all costs (including incremental costs) incurred by the Department of Defense during the preceding quarter in implementing or supporting resolutions of the United Nations Security Council, including any such resolution calling for international sanctions, international peacekeeping operations, or humanitarian missions undertaken by the Department of Defense. Each quarterly report shall include an aggregate of all such Department of Defense costs by operation or mission.

(b) UNITED STATES COSTS.—The President shall annually transmit to the Secretary General of the United Nations the information required under subsection (a).

(c) UNITED NATIONS MEMBER STATE COSTS.—The President shall direct the permanent representative of the United States to the United Nations to request that the United Nations compile and publish information concerning costs incurred by United Nations Member States in support of the resolutions described in subsection (a).

SEC. 2023. PEACE ON CYPRUS AND IN THE EASTERN MEDITERRANEAN.

(a) POLICY AND PRINCIPLES.—United States policy regarding Cyprus, Greece, and Turkey shall be directed toward the establishment of stability and peace in the

Eastern Mediterranean region and shall therefore be governed by the following principles:

(1) The United States shall actively support the resolution of differences in the Eastern Mediterranean region through negotiations, encourage all parties to avoid provocative actions, and strongly oppose any attempt to resolve disputes through force or threat of force.

(2) The United States shall provide defense articles to Greece and Turkey only with full consideration for maintaining balance and stability in the Eastern Mediterranean.

(3) Sustained improvement in Greek-Turkish bilateral relations is in the interests of the United States, the North Atlantic Treaty Organization, and the countries of the Eastern Mediterranean region.

(4) Consistent with longstanding United States policy, the United States recognizes and shall continue to recognize the sovereignty of the Republic of Cyprus over the whole of Cyprus, other than the British Sovereign Base Areas. Accordingly, the United States recognizes the Republic of Cyprus' rights to its territorial seas and economic exclusion zone (EEZ).

(5) The near-term achievement of a just and lasting settlement to the Cyrus problem is a central objective of United States foreign policy.

(6) A just settlement on Cyprus must involve the re-unification of the island based on a bi-zonal, bi-communal federation with a single sovereignty, international personality, and citizenship, with its independence and territorial integrity safeguarded, and comprising two politically equal communities, as provided for in relevant United Nations Security Council resolutions.

(7) Freedom of religion and respect for the cultural and religious heritage of all Cypriot communities shall be protected and promoted throughout the island.

(8) Agreement on the near-term return of Greek Cypriot refugees to Famagusta (Varosha) would constitute an important confidence-building measure.

(9) The United States shall use its influence to ensure the continuation of the ceasefire on Cyprus until an equitable negotiated settlement is reached.

(10) The United States shall use its influence to achieve the withdrawal of Turkish military forces

from Cyprus and to effect an end to Turkey's illegal transfer of its citizens to Cyprus.

(b) QUARTERLY REPORT.—

(1) SENSE OF CONGRESS.—Because progress toward a Cyprus settlement is a high priority of United States policy in the Eastern Mediterranean region, it is the sense of Congress that the President should continually review that progress and should determine United States policy in the region accordingly.

(2) REPORT.—To facilitate such a review, the President shall, not later than 90 days after the date of the enactment of this Act and at the end of each succeeding 90-day period thereafter, transmit to the Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate a report describing efforts to achieve the demilitarization of Cyprus and a negotiated solution to the Cyprus problem.

(c) CERTIFICATION.—In order to ensure that security assistance to Greece and Turkey is provided consistent with the policies established in this section, the Secretary shall, whenever transmitting a certification pursuant to section 4382 for Greece or Turkey, include in that certifi-

cation a full explanation of how the proposed sale accords with the principles set forth in subsection (a).

(d) RESTRICTION.—

(1) IN GENERAL.—Beginning on the day after the date of the enactment of this Act, no articles, information, technology or services controlled for export pursuant to this Act, the former authority of the Arms Export Control Act, or the Export Administration Act of 1979 (as continued in effect under the International Emergency Economic Powers Act) may be exported, re-exported, transferred, or provided to a military end-user, or for a military end-use, in the internationally recognized territory of the Republic of Cyprus, including Turkish-occupied northern Cyprus.

(2) REPORT.—The President shall submit to Congress a report on any credible information that articles, information, technology, or services have been used in a manner inconsistent with this subsection.

(e) LIMITATION ON FUNDS.—Funds made available for Cyprus under this Act shall be provided only for programs and activities that are consistent with the goal of reunification of Cyprus and the achievement of a bi-communal, bi-zonal federation.

Subtitle C—Organizations and Personnel

SEC. 2031. ATROCITIES PREVENTION BOARD.

(a) FINDINGS.—Congress makes the following findings:

(1) Non-combatants comprise most of the casualties in modern conflict.

(2) In many cases, civilian deaths are the result of belligerents deliberately targeting civilians on a wide scale.

(3) Civilians are vulnerable both during interstate conflict and intrastate situations, such as civil wars, insurgencies, and anarchic conditions associated with failed states.

(4) There are common variables to situations giving rise to atrocities, including past history of such occurrences, persistence of articulated and non-articulated tensions, and poor or malevolent leadership.

(5) Most tellingly, atrocities—including genocide—often occur when displaced persons attempt to flee conflict.

(6) The United States is committed to working with our allies, and to strengthening our own internal capabilities, in order to ensure that the United

States and the international community are proactively engaged in a strategic effort to prevent mass atrocities and genocide. In the event that prevention fails, the United States will work both multilaterally and bilaterally to mobilize diplomatic, humanitarian, financial, and—in certain instances—military means to prevent and respond to genocide and mass atrocities.

(7) Preventing mass atrocities and genocide is a core national security interest and a core moral responsibility of the United States.

(8) United States security is affected when masses of civilians are slaughtered, refugees flow across borders, and murderers wreak havoc on regional stability and livelihoods.

(9) Governmental engagement on atrocities and genocide too often arrives too late, when opportunities for prevention or low-cost, low-risk action have been missed.

(10) Ensuring that a full range of options is available to senior policy makers requires a level of governmental organization that matches the methodical organization characteristic of mass killings.

(b) ESTABLISHMENT OF INTERAGENCY ATROCITIES PREVENTION BOARD.—The President shall establish an

1 Interagency Atrocities Prevention Board (in this section
2 referred to as the ''Board'') with the following responsibil-
3 ities:

4 (1) Coordinate and synchronize a whole of gov-
5 ernment approach to preventing mass atrocities.

6 (2) Integrate the early warning systems of na-
7 tional security agencies, including intelligence agen-
8 cies, with respect to incidents of mass atrocities and
9 coordinate the policy response to such incidents.

10 (3) Conduct gaming and contingency planning
11 exercises regarding atrocities prevention and re-
12 sponse.

13 (4) Oversee the development and implementa-
14 tion of comprehensive atrocities prevention and re-
15 sponse strategies.

16 (5) Identify available resources and policy op-
17 tions necessary to prevent the emergence or esca-
18 lation of mass atrocities, including—

19 (A) foreign assistance;

20 (B) diplomatic initiatives;

21 (C) deployment of civilian expertise;

22 (D) use of sanctions; and

23 (E) military options.

(6) Identify and close gaps in expertise, readiness, and planning for atrocities prevention and early action across Federal agencies.

(7) Ensure that risk assessments and policies to mitigate identified risks are communicated in a timely fashion to the relevant Federal agencies and integrated into activities.

(c) LEADERSHIP.—

(1) IN GENERAL.—The Board shall be headed by a senior director selected by the President, and who shall report to the Assistant to the President for National Security Affairs (commonly referred to as the ''National Security Advisor'').

(2) RESPONSIBILITIES.—The senior director shall have primary responsibility for promoting United States Government policies to protect individuals affected by conflict and atrocities and carrying out the responsibilities identified in subsection (b).

(d) COMPOSITION.—The Board shall be composed of representatives from the following agencies, and such others as the President determines appropriate:

(1) The Department of Defense.

(2) The United States Agency for International Development.

(3) The Department of State.

(4) The Department of Justice.

(5) The Department of the Treasury.

(6) The Department of Homeland Security.

(7) The Central Intelligence Agency.

(8) The Office of the Director of National Intelligence.

(9) The United States Mission to the United Nations.

SEC. 2032. UNDER SECRETARY FOR CIVILIAN SECURITY, DEMOCRACY, AND HUMAN RIGHTS.

(a) IN GENERAL.—Section 1(b) of the State Department Basic Authorities Act of 1956 (22 U.S.C. 2651a(b)) is amended—

(1) by redesignating paragraph (4) as paragraph (5); and

(2) by inserting after paragraph (3) the following new paragraph:

''(4) UNDER SECRETARY FOR CIVILIAN SECURITY, DEMOCRACY, AND HUMAN RIGHTS.—There shall be in the Department of State, among the Under Secretaries authorized by paragraph (1), an Under Secretary for Civilian Security, Democracy, and Human Rights, who shall have primary responsibility to assist the Secretary and the Deputy Sec-

retary in the formation and implementation of policy, activities, and oversight related to crisis prevention and response, democracy, human rights, and labor, and refugees and migration. The Under Secretary for Civilian Security, Democracy, and Human Rights shall—

"(A) coordinate and implement civilian responses to conflict, including deployment of the Civilian Response Corps;

"(B) oversee the full spectrum of conflict-related policies and programs in the Department of State;

"(C) conduct strategic planning and budgeting for conflict-related activities within the Department of State;

"(D) manage prevention and response to refugee and humanitarian crises, including support for major international organizations involved in aid to conflict affected populations; and

"(E) advance human rights and democratic values.".

(b) ABOLITION.—The position of Under Secretary for Democracy and Global Affairs is hereby abolished.

(c) TRANSFER.—Responsibilities for the position of Under Secretary for Democracy and Global Affairs shall be transferred to the Under Secretary for Civilian Security, Democracy and Human Rights, as appropriate. The individual serving in the capacity of Under Secretary for Democracy and Global Affairs as of the date of the enactment of this Act may continue serve in the capacity of the Under Secretary for Civilian Security, Democracy, and Human Rights.

(d) CONFORMING AMENDMENT.—Section 2113(a) of the Implementing Recommendations of the 9/11 Commission Act of 2007 (22 U.S.C. 8213(a); Public Law 110–53) is amended by striking ''Under Secretary of State for Democracy and Global Affairs'' and inserting ''Under Secretary of State for Civilian Security, Democracy, and Human Rights''.

SEC. 2033. CONFLICT AND STABILIZATION OPERATIONS.

(a) IN GENERAL.—Section 62 of the State Department Basic Authorities Act of 1956 (22 U.S.C. 2734) is amended to read as follows:

''SEC. 62. CONFLICT AND STABILIZATION OPERATIONS.

''(a) BUREAU OF CONFLICT AND STABILIZATION OPERATIONS.—

"(1) ESTABLISHMENT.—There is established within the Department of State the Bureau of Conflict and Stabilization Operations.

"(2) ASSISTANT SECRETARY FOR CONFLICT AND STABILIZATION OPERATIONS.—The head of the Bureau shall be the Assistant Secretary for Conflict and Stabilization Operations. The Assistant Secretary shall report directly to the Under Secretary for Civilian Security, Democracy, and Human Rights.

"(3) FUNCTIONS.—The functions of the Bureau of Conflict and Stabilization Operations shall include the following:

"(A) Training, equipping, and deploying the Civilian Response Corps described in subsection (b)(1).

"(B) Developing, at the request of a Chief of Mission, a strategy or plan, and designing relevant programming, for stabilization and reconstruction, as appropriate to the local context.

"(C) At the request of a Chief of Mission, mobilizing and deploying members of the Civilian Response Corps as needed.

"(D) Entering into appropriate arrangements with agencies to carry out activities under this section and the Reconstruction and Stabilization Civilian Management Act of 2008 (title XVI of the Duncan Hunter National Defense Authorization Act for Fiscal Year 2009; Public Law 110–417).

"(E) Identifying and recruiting personnel in State and local governments, including law enforcement personnel, and in the private sector who are available to participate in the Reserve Corps established under subsection (b)(1)(B) or to otherwise participate in or contribute to reconstruction and stabilization activities.

"(F) Taking steps to ensure that training and education of civilian personnel to perform such reconstruction and stabilization operations is adequate and is carried out, as appropriate, with other offices in the Department of State and the United States Agency for International Development involved with reconstruction and stabilization activities.

"(G) Maintaining the capacity to field on short notice an evaluation team consisting of

personnel from all relevant agencies to undertake on-site needs assessment.

"(H) Maintaining a staff of experts to provide technical support for crisis mitigation, including mediation and negotiation support teams.

"(I) Establishing and maintaining a cadre of deployable personnel to conduct contingency acquisition support.

"(J) Establishing and maintaining on active status a contingency contracting office for the purpose of procuring goods, equipment, and services for use in contingency operations and for assistance to support reconstruction and stabilization activities.

"(b) CIVILIAN RESPONSE CORPS.—

"(1) IN GENERAL.—The Secretary of State shall establish and maintain a Civilian Response Corps (referred to in this section as the 'Corps') to provide assistance in support of reconstruction and stabilization activities in countries or regions that are at risk of, in, or are in transition from, conflict or civil strife. The Corps shall be composed of active and reserve components.

"(A) ACTIVE CORPS.—

"(i) IN GENERAL.—The Active Corps shall be composed of not more than 200 positions identified by the Secretary of State, in consultation with the Administrator, based on the skillsets identified by the Coordinator.

"(ii) MEMBERSHIP.—The Active Corps shall consist of United States Government personnel, including employees of the Department of State, the United States Agency for International Development, and other agencies.

"(iii) DUTIES.—Members of the Active Corps shall—

"(I) serve as liaisons between the Bureau of Conflict and Stabilization Operations and regional bureaus of the Department of State;

"(II) unless deployed abroad, be employed by the Under Secretary for Civilian Security, Democracy, and Human Rights; and

"(III) deploy, within 72 hours, anywhere outside the United States where the Secretary of State directs.

"(iv) SURGE.—Members of the Active Corps may be detailed by the Assistant Secretary for Conflict and Stabilization Operations to regional bureaus of the Department of State to augment crisis and conflict planning and response.

"(B) RESERVE CORPS.—

"(i) IN GENERAL.—The Reserve Corps shall consist of United States Government personnel, individuals employed by State or local governments, or other experts who have the skills necessary for supporting reconstruction and stabilization activities, or who shall be trained and employed to carry out such activities, and who have volunteered for such purpose.

"(ii) LIST.—The Secretary shall maintain and continually update a database composed of personnel who have volunteered for the Reserve Corps.

"(iii) DUTIES.—Members of the Reserve Corps shall—

"(I) on a voluntary basis, deploy within 72 hours, anywhere outside the

United States, where the Secretary of State directs; and

"(II) maintain appropriate skills and conditioning to deploy to assist in reconstruction and stabilization activities.

"(2) MITIGATION OF DOMESTIC IMPACT.—The establishment and deployment of any Reserve Corps shall be undertaken in a manner that avoids substantively impairing the capacity and readiness of the Federal Government or any State or local government from which Reserve Corps personnel may be drawn.

"(3) EXISTING TRAINING AND EDUCATION PROGRAMS.—The Secretary of State shall ensure that personnel of the Department of State, and, in coordination with the Administrator of the United States Agency for International Development, that personnel of USAID, have access to and make use of the relevant existing training and education programs offered within the Federal Government, such as those at the Center for Stabilization and Reconstruction Studies at the Naval Postgraduate School and the Interagency Training, Education, and After

Action Review Program at the National Defense University.

"(4) IN GENERAL.—

"(A) APPOINTMENTS TO FOREIGN SERVICE.—Individuals who serve in the Civilian Response Corps shall be eligible to be appointed as a member of the Foreign Service pursuant to section 303 of the Foreign Service Act of 1980 (22 U.S.C. 3943) for a term of up to three years.

"(B) DEPLOYMENT.—Not less than 60 percent of the Active Corps should be deployed outside of the United States at any one time.

"(C) PROMOTION.—Individuals who are career members of the Foreign Service shall be considered for promotion on the same basis as individuals who are assigned to diplomatic or consular posts with one-year tours of duty.

"(D) CHAIN-OF-COMMAND.—Once deployed abroad, a member of the Civilian Response Corps shall report to and serve under the operational control of the chief of mission of the country or region in which such member is deployed.

"(E) LIMITATION ON DEPLOYMENT.—The Secretary of State is authorized to deploy to a foreign country members of the Active Corps for a period of not longer than one year. Such period may be extended on a voluntary basis.

"(5) TEMPORARY APPOINTMENTS FOR CERTAIN INDIVIDUALS.—The Secretary of State, acting through the Assistant Secretary for Conflict and Stabilization Operations, is authorized to appoint individuals with acquisition backgrounds to the Active or Reserve Corps on a one-year basis to implement contracts for contingency operations.

"(c) EMPLOYMENT FOR CONTINGENCY OPERATIONS.—

"(1) FOREIGN SERVICE LIMITED POSITIONS.—Pursuant to the authority of section 309 of the Foreign Service Act of 1980 (22 U.S.C. 3949), and notwithstanding the limitation specified in section 305 of such Act (22 U.S.C. 3945), the Administrator of the United States Agency for International Development (USAID) may appoint to the Senior Foreign Service up to ten individuals to be assigned to or support contingency operations.

"(2) WAIVER.—The provisions of section 8344 or 8468 of title 5, United States Code, may be waived on a case-by-case basis by—

"(A) the Administrator of USAID, with respect to the employment in USAID, or

"(B) the Inspector General of USAID, with respect to the employment in the Office of Inspector General,

of an annuitant in a position for which there is exceptional difficulty in recruiting or retaining a qualified employee, or when a temporary emergency hiring need exists.

"(3) PROCEDURES.—If the authority referred to in paragraph (1) is delegated, the Administrator of USAID or the Inspector General of USAID, as appropriate, shall prescribe criteria and procedures for the exercise of any authority under this section.

"(4) STATUS OF EMPLOYMENT.—A Federal employee for whom a waiver under this section is in effect shall not be considered an employee for purposes of subchapter III of chapter 83, or chapter 84 of title 5, United States Code.

"(d) EXCEPTION.—

"(1) IN GENERAL.—The Secretary of State may select and appoint employees to carry out conflict

and stabilization activities without regard to the provisions of title 5, United States Code, governing appointment in the competitive service and may fix the basic compensation of such employees without regard to chapter 51 and subchapter III of chapter 53 of such title.

"(2) DELEGATION.—The Secretary of State may authorize the head of any agency to exercise the authority described in paragraph (1).

"(3) DEFINITION.—For the purpose of this subsection, the term 'employees' means individuals who qualify as an employee as defined in section 2105 of title 5, United States Code, and who are appointed on a time-limited basis solely to carry out reconstruction and stabilization activities under or consistent with this section.".

(b) SPECIAL AUTHORITY.—Notwithstanding any other provision of law, including section 304(c) of the Omnibus Diplomatic Security and Antiterrorism Act of 1986 (22 U.S.C. 4834(c); Public Law 99–399), personnel designated by the Secretary, including members of the Civilian Response Corps, shall not be bound by the regulations and guidance provided by the Bureau of Diplomatic Security and shall deploy at the direction of the Secretary.

(c) PERSONNEL.—The Reconstruction and Stabilization Civilian Management Act of 2008 (title XVI of Public Law 110–417) is amended—

(1) in section 1603 (22 U.S.C. 2734a note), by amending paragraph (5) to read as follows:

"(5) PERSONNEL.—The term 'personnel' means—

"(A) individuals serving in any service described in section 2101 of title 5, United States Code, other than in the legislative or judicial branch;

"(B) individuals employed by personal services contract, including individuals employed pursuant to—

"(i) section 2(c) of the State Department Basic Authorities Act of 1956 (22 U.S.C. 2669(c)); or

"(ii) section 636(a)(3) of the Foreign Assistance Act of 1961 (22 U.S.C. 2396(a)(3));

"(C) individuals appointed under section 303 of the Foreign Service Act of 1980 (22 U.S.C. 3943); and

"(D) locally employed staff who are employed by participating agencies."; and

(2) in section 1606(b) (22 U.S.C. 2734a(b)), by inserting ''and to provide any related support'' after ''assign personnel of such agency''.

SEC. 2034. DANGER PAY.

Section 151 of the Foreign Relations Authorization Act, Fiscal Years 1990 and 1991 (5 U.S.C. 5928 note; Public Law 101–246) is amended—

(1) by striking ''or'' after ''Drug Enforcement Administration'' and inserting '', the''; and

(2) inserting '', or the Civilian Response Corps'' after ''Federal Bureau of Investigation''.

SEC. 2035. STABILITY POLICING COORDINATOR.

The State Department Basic Authorities Act of 1956 is amended by adding after section 62 (as amended by 2031 of this Act) the following new section:

''SEC. 63. OFFICE OF THE STABILITY POLICING COORDINATOR.

''(a) ESTABLISHMENT.—There is established within the Department of State the Office of the Stability Policing Coordinator (in this section referred to as the 'Office').

''(b) COORDINATOR FOR POLICE TRAINING.—The head of the Office shall be the Coordinator for Stability Policing (in this section referred to as the 'Coordinator'). The Coordinator shall report directly to the Assistant Secretary for Conflict and Stabilization Operations.

1 "(c) RESPONSIBILITIES.—The Coordinator shall be
2 responsible for developing a unified, coherent, comprehen-
3 sive, and effective program of law enforcement assistance
4 in support of reconstruction and stabilization activities in
5 countries or regions that are at risk of, in, or are in transi-
6 tion from, conflict or civil strife. Such program shall in-
7 clude the following elements:

8 "(1) Developing and overseeing curricula for
9 police training specifically oriented towards recon-
10 struction and stabilization activities.

11 "(2) Developing and implementing policies and
12 procedures to ensure that human rights, and in par-
13 ticular those of women and girls, are protected.

14 "(3) In coordination with the Bureau of Con-
15 flict and Stabilization Operations, as appropriate, re-
16 cruiting, vetting, and training personnel to serve as
17 police trainers.

18 "(4) Ensuring proper direction and oversight of
19 contractors hired to implement police training pro-
20 grams under this section.

21 "(5) Establishing benchmarks to measure the
22 progress of police training programs conducted
23 under this section.

"(6) Coordinating assistance carried out by the Office with similar assistance provided by other Federal agencies and international donors.

"(7) Overseeing procurement and delivery of supplies and equipment, and monitoring the end use of such supplies and equipment.

"(8) Providing policy guidance and program support to the United States diplomatic and consular missions in the country or region undertaking police training operations.

"(9) Providing guidance to the Bureau of Conflict and Stabilization Operations regarding the selection and training of law enforcement and judicial personnel for the Readiness Response Corps.

"(d) RELATIONSHIP TO GLOBAL RULE OF LAW POLICY COMMITTEE.—The Coordinator shall ensure that the activities of the Office are consistent with the coordination plan established pursuant to section 3202 of the Global Partnerships Act of 2012.".

SEC. 2036. TRAINING IN CONFLICT MANAGEMENT AND MITIGATION.

Section 708 of the Foreign Assistance Act of 1980 (22 U.S.C. 4028) is amended—

(1) in subsection (a)—

(A) in paragraph (2), by striking ''and'' at the end;

(B) in paragraph (3), by striking the period at the end and inserting ''; and''; and

(C) by adding at the end the following new paragraph:

''(4) instruction on methods for conflict management and mitigation and on the necessary skills to be able to function successfully in countries or regions that are at risk of, in, or are in transition from, conflict or civil strife, including—

''(A) recognizing patterns of escalation and early warning signs of potential atrocities or violence, including gender-based violence; and

''(B) methods of early action, prevention, and response.''; and

(2) by adding at the end the following new subsection:

''(d) The training described in subsection (a)(4) shall be mandatory for all Foreign Service officers assigned to a position, or otherwise made available for service, in the department or agency or at a post overseas with responsibilities in the subject matters described in such subsection. Training opportunities should include, as appropriate for the department and agency, respectively, fellow-

ships, details, and exchanges with relevant Federal agencies, international organizations, and nongovernmental organizations.''.

TITLE III—SUPPORTING HUMAN RIGHTS AND DEMOCRACY

Subtitle A—General Provisions

SEC. 3101. FINDINGS AND STATEMENT OF POLICY.

(a) FINDINGS.—Congress makes the following findings:

(1) All human beings are born free and equal in dignity and rights. Recognition of the inherent dignity and of the equal and inalienable rights of all members of the human family is the foundation of freedom, justice and peace in the world.

(2) A democratic political system, in which the will of the people, as expressed in periodic and genuine elections, is the basis of the authority of government, is the best guarantor of freedom of speech and belief and freedom from fear and want.

(3) Democracy is a necessary but insufficient condition for the effective protection of human rights. Majority rule must be tempered by guarantees for the dignity and rights of minorities.

(4) The advancement of human rights and the institutionalization of democracy are important to

the achievement of other United States foreign policy goals, such as reducing poverty, building peace, expanding prosperity and sustaining the global environment.

(5) Human rights and fundamental freedoms can be effectively advanced by—

(A) bilateral and multilateral diplomatic overtures;

(B) the development and implementation of international norms and standards, including voluntary codes of conduct;

(C) support for the establishment and strengthening of laws, policies and institutions that protect rights and freedoms, including technical assistance and training to governments and civil society organizations;

(D) support for and protection of individuals and civil society organizations who defend and exercise their human rights and democratic freedoms;

(E) research and reporting on violations of human rights, including identifying those who commit such violations;

(F) the threat or imposition of sanctions against violators, including criminal prosecution where appropriate; and

(G) offering diplomatic and economic incentives for improved performance.

(6) United States support for human rights and democracy should be open and explicit, with due regard for the safety and independence of local partners and impartiality among peaceful, democratic political parties and factions.

(b) STATEMENT OF POLICY.—It is the policy of the United States, in keeping with its constitutional heritage and traditions and in accordance with its international obligations as set forth in the Charter of the United Nations and the Universal Declaration of Human Rights, to promote and encourage increased respect for human rights and fundamental freedoms throughout the world without distinction as to race, sex, language, religion, sexual orientation or gender identity.

SEC. 3102. COUNTRY REPORTS ON HUMAN RIGHTS PRACTICES.

(a) REPORT REQUIRED.—The Secretary shall submit to the appropriate congressional committees, by February 25 of each year, a comprehensive report regarding the sta-

1 tus of internationally recognized human rights in each cov-
2 ered country.
3 (b) CONTENTS.—The report required under sub-
4 section (a) shall include, for each covered country, infor-
5 mation relating to—
6 (1) respect for the integrity of the person, in-
7 cluding freedom from—
8 (A) arbitrary or unlawful deprivation of
9 life;
10 (B) disappearance;
11 (C) torture and other cruel, inhuman or
12 degrading treatment or punishment;
13 (D) arbitrary arrest or detention;
14 (E) denial of fair public trial; and
15 (F) arbitrary interference with privacy,
16 family, home or correspondence;
17 (2) respect for civil liberties, including—
18 (A) freedom of speech and press, including
19 Internet freedom;
20 (B) freedom of peaceful assembly and as-
21 sociation;
22 (C) freedom of religion and conscience;
23 (D) freedom of movement; and
24 (E) provision of asylum and resettlement
25 of refugees;

(3) respect for political rights, including the right of citizens—

(A) to change their government;

(B) to take part in the conduct of public affairs; and

(C) to vote and be elected at genuine periodic elections;

(4) respect for worker rights, including—

(A) the right of association;

(B) the right to organize and bargain collectively;

(C) prohibition of forced or compulsory labor;

(D) prohibition of child labor; and

(E) acceptable conditions of work;

(5) protection of all citizens, including marginalized groups, against violence, intimidation and discrimination, including, wherever applicable—

(A) mass atrocities;

(B) trafficking in persons;

(C) sexual and gender-based violence;

(D) criminalization of homosexuality or deprivation of fundamental freedoms due to sexual orientation or gender identity;

(E) violations of the principles of voluntarism and informed choice in health care, including coerced abortion and involuntary sterilization;

(F) child marriage; and

(G) compulsory recruitment and conscription of individuals under the age of 15 by armed forces of the government of the country, government-supported paramilitaries, or other armed groups; and

(6) official accountability, including—

(A) government corruption and transparency;

(B) government participation in, facilitation of, or condoning of, violations of internationally recognized human rights;

(C) steps taken by such government to prevent and respond to violations of internationally recognized human rights;

(D) the extent of cooperation by such government in permitting an unimpeded investigation by international organizations, including nongovernmental organizations, of alleged violations of internationally recognized human rights; and

(E) wherever applicable, such government's votes in the United Nations Human Rights Council.

(c) CONSULTATION.—In compiling data and making assessments for purposes of subsection (b), United States diplomatic mission personnel in each covered country shall consult with relevant international and nongovernmental organizations.

(d) TRANSLATION AND PUBLICATION.—For each covered country, the report required by this section shall be translated into the principal languages of the country and made available on the Internet website of the United States diplomatic mission to the country, or, where there is no diplomatic mission, on the Internet website of the Department of State.

(e) DEFINITIONS.—In this section—

(1) the term ''covered country'' means a country that—

(A) receives assistance under this Act; or

(B) is a member of the United Nations; and

(2) the term ''child marriage'' means the marriage of a girl or a boy who has not reached the minimum legal age for marriage in the country of resi-

dence, or where there is no such law, under the age of 18.

SEC. 3103. ACTION PLANS FOR HUMAN RIGHTS AND DEMOCRACY.

(a) ACTION PLAN REQUIRED.—

(1) IN GENERAL.—Except as provided in paragraph (2), beginning 3 years after the date of the enactment of this Act and every 3 to 5 years thereafter, the Secretary, in coordination with the Administrator as appropriate, shall develop an action plan for human rights and democracy in each country that is included in the report under section 3102.

(2) EXCEPTION.—The Secretary is not required to develop an action plan under this subsection for any country with respect to which the Secretary determines, based on the information required in the report under section 3102, that human rights and fundamental freedoms are generally respected.

(b) PREPARATION OF PLANS.—The action plan required under subsection (a) shall be prepared—

(1) in each country with a United States diplomatic mission, by the Chief of Mission, in coordination with the Mission Director of the Agency, if a Mission Director is assigned to such country, and in

consultation with the Assistant Secretary for Democracy, Human Rights, and Labor; or

(2) in each country without a United States diplomatic mission, by the Assistant Secretary of State for Democracy, Human Rights, and Labor, in coordination with the Assistant Administrator for Democratic and Civic Development and the relevant regional bureaus of the Department of State and United States Agency for International Development.

(c) ELEMENTS.—The action plan required under subsection (a) shall contain the following elements:

(1) A description of the major barriers in such country to fundamental rights and freedoms.

(2) Specific improvements in the areas identified under paragraph (1) that the United States will seek over the next 3 to 5 years.

(3) A description of the policies and programs, including assistance, to be undertaken in order to foster the improvements identified in paragraph (2).

(4) A description of the roles of each participating Federal agency in carrying out the policies and programs identified in paragraph (3).

(5) A description of the budgetary and personnel resources needed to carry out the policies and programs identified in paragraph (3).

(d) CONSULTATION.—In preparing the action plan required under subsection (a), the relevant officials shall consult with a wide range of nongovernmental organizations in the country and with nongovernmental organizations having significant experience in or knowledge about the country.

(e) TRANSMISSION.—

(1) TO CONGRESS.—The action plan required under subsection (a) shall be transmitted to the appropriate congressional committees.

(2) PUBLIC AVAILABILITY.—At a minimum, the elements of the action plan described in paragraphs (1) and (2) of subsection (c) shall be published on the Internet website of the Department of State and, in countries in which a United States diplomatic mission is established, on the mission's Internet website.

(f) STRATEGIC COORDINATION.—In order to avoid duplication and policy inconsistency, the Secretary shall ensure that the action plan required under subsection (a) is coordinated with all other relevant diplomatic and devel-

opment strategies, in particular the strategies prepared pursuant to—

(1) section 1703, relating to Global Strategy for Gender Equality;

(2) section 1018, relating to Country Development Cooperation Strategies;

(3) section 2012, relating to Conflict Mitigation Strategy; and

(4) section 3203, relating to Comprehensive International Strategy to Prevent and Respond to Violence Against Women and Girls.

SEC. 3104. HUMAN RIGHTS AND DEMOCRACY FUND.

(a) ESTABLISHMENT.—There is established a Human Rights and Democracy Fund (in this section referred to as the ''Fund'') to be administered by the Assistant Secretary of State for Democracy, Human Rights, and Labor.

(b) PURPOSE.—The purpose of the Fund is to protect and promote fundamental freedoms and internationally recognized human rights by—

(1) supporting defenders of human rights and advocates of democracy;

(2) assisting victims of human rights violations;

(3) preventing and responding to violence against women and girls, in accordance with subtitle A;

(4) carrying out child protection compacts in accordance with section 3402; and

(5) responding to emergencies and unanticipated opportunities in the areas of human rights and democracy.

(c) CONSULTATION.—In administering the Fund, the Assistant Secretary of State for Democracy, Human Rights, and Labor shall consult with the Ambassador-at-Large for Global Women's Issues and the Assistant Administrator for Democratic and Civic Development of the United States Agency for International Development.

(d) ADDITIONAL FUNDS.—Funds made available under this section for a fiscal year are in addition to funds otherwise available for such purposes.

(e) SPECIAL AUTHORITY.—Funds made available under this section for a fiscal year are authorized to be made available notwithstanding any provision of law that restricts assistance to a foreign country.

SEC. 3105. ROLE OF BUREAU OF DEMOCRACY, HUMAN RIGHTS, AND LABOR.

Section 1(c)(2) of the State Department Basic Authorities Act of 1956 (22 U.S.C. 2651a(c)(2)) is amended to read as follows:

"(2) ASSISTANT SECRETARY OF STATE FOR DEMOCRACY, HUMAN RIGHTS, AND LABOR.—

"(A) IN GENERAL.—There shall be in the Department of State an Assistant Secretary of State for Democracy, Human Rights, and Labor who shall be responsible to the Secretary of State for matters pertaining to human rights and humanitarian affairs (including matters relating to prisoners of war and members of the United States Armed Forces missing in action) in the conduct of foreign policy and such other related duties as the Secretary may from time to time designate. The Assistant Secretary shall carry out the Secretary's responsibilities under section 3102 of the Global Partnerships Act of 2012.

"(B) DUTIES.—The Assistant Secretary of State for Democracy, Human Rights, and Labor shall maintain continuous observation and review all matters pertaining to human rights and humanitarian affairs (including mat-

ters relating to prisoners of war and members of the United States Armed Forces missing in action) in the conduct of foreign policy, including the following:

"(i) Gathering detailed information regarding humanitarian affairs and the observance of and respect for internationally recognized human rights in each country to which the requirements of sections 3102 and 3103, respectively, of the Global Partnerships Act of 2012 are relevant.

"(ii) Preparing the country reports and action plans required under sections 3102 and 3103 of the Global Partnerships Act of 2012.

"(iii) Making recommendations to the Secretary of State and the Administrator of the United States Agency for International Development regarding implementation of the human rights policies, principles, restrictions and authorities of the Global Partnerships Act of 2012.

"(iv) Administering the Human Rights and Democracy Fund established

under section 3104 of the Global Partnerships Act of 2012.

"(v) Performing other responsibilities which serve to promote increased observance of internationally recognized human rights by all countries.

"(C) CONSULTATION.—The Assistant Secretary of State for Democracy, Human Rights, and Labor shall be consulted in the determinations of which countries shall receive United States foreign assistance and the nature of the assistance to be provided to each country.

"(D) CERTAIN ASSIGNMENTS.—Any assignment of an individual to a political officer position at a United States mission abroad that has the primary responsibility for monitoring human rights developments in a foreign country shall be made upon the recommendation of the Assistant Secretary of State for Democracy, Human Rights, and Labor in conjunction with the head of the Department of State's regional bureau having primary responsibility for that country.".

SEC. 3106. DISCRIMINATION RELATED TO SEXUAL ORIENTATION.

(a) DESIGNATION OF OFFICER.—The Assistant Secretary of State for Democracy, Human Rights, and Labor shall designate an officer or officers who shall be responsible for tracking violence, criminalization, and restrictions on the enjoyment of fundamental freedoms, consistent with United States law, in foreign countries based on actual or perceived sexual orientation and gender identity.

(b) INTERNATIONAL EFFORTS.—The Secretary shall work through appropriate United States Government employees at United States diplomatic and consular missions to encourage the governments of other countries to reform or repeal laws of such countries criminalizing homosexuality or consensual homosexual conduct, or restricting the enjoyment of fundamental freedoms, consistent with United States law, by homosexual individuals or organizations.

(c) TRAINING FOR FOREIGN SERVICE OFFICERS.—Section 708(a) of the Foreign Service Act of 1980 (22 U.S.C. 4028(a)) is amended—

(1) in the matter preceding paragraph (1), by inserting ''the Assistant Secretary for Democracy, Human Rights, and Labor,'' before ''the Ambassador at Large'';

(2) in paragraph (2), by striking ''and'' at the end;

(3) in paragraph (3), by striking the period at the end and inserting ''; and''; and

(4) by adding at the end the following new paragraph:

''(4) instruction, in courses covering human rights reporting and advocacy work, on identifying violence, discrimination, and restrictions on the enjoyment of fundamental freedoms, consistent with United States law, based on actual or perceived sexual orientation and gender identity.''.

SEC. 3107. PERSONNEL AWARDS AND INCENTIVES.

Section 2143 of the ADVANCE Democracy Act of 2007 (22 U.S.C. 8243) is amended by striking the matter preceding paragraph (1) and inserting the following:

''The Secretary shall expand the range of awards and incentives to encourage members of the Foreign Service and other employees of the Department to take assignments relating to the promotion of democracy and the protection of human rights, which may include the following:''.

Subtitle B—International Violence Against Women and Girls

SEC. 3201. STATEMENT OF POLICY.

It is the policy of the United States to—

(1) promote the equal participation of women in the political, economic and social lives of their countries;

(2) build the capacity of foreign governments and civil societies to prevent and respond to violence against women and girls;

(3) ensure that all private partners under this Act take appropriate steps to prevent and respond to violence against women and girls; and

(4) systematically integrate efforts to prevent and respond to violence against women and girls into United States foreign policy and foreign assistance programs.

SEC. 3202. DUTIES OF THE SECRETARY OF STATE.

(a) DESIGNATION.—The Secretary shall designate a senior official in the Department of State to conduct the activities of the Secretary under this subtitle.

(b) DUTIES.—The Secretary's designee shall work with the Assistant Secretary for Democracy, Human Rights, and Labor, the Ambassador-at-Large for Global Women's Issues, and the heads of other of relevant bu-

reaus and offices of the Department of State and other Federal agencies to—

(1) prepare the comprehensive international strategy required under section 3203;

(2) collect and analyze data about violence against women and girls internationally; and

(3) compile and disseminate information about effective methods of prevention and response, including through the preparation of public reports.

SEC. 3203. COMPREHENSIVE INTERNATIONAL STRATEGY TO PREVENT AND RESPOND TO VIOLENCE AGAINST WOMEN AND GIRLS.

(a) DEVELOPMENT OF STRATEGY.—Not later than 1 year after the date of the enactment of this Act, and every 5 years thereafter, the Secretary, with the assistance of the Administrator, shall—

(1) develop a comprehensive, 5-year international strategy to prevent and respond to violence against women and girls internationally;

(2) submit the strategy developed under paragraph (1) to the appropriate congressional committees; and

(3) make the strategy available to the public.

(b) COLLABORATION AND COORDINATION.—In developing the strategy under subsection (a), the Secretary shall consult with—

(1) Federal agencies with expertise preventing and responding to violence against women and girls or administering international programs;

(2) the Senior Policy Operating Group on Trafficking in Persons; and

(3) representatives of civil society organizations with demonstrated experience in combating violence against women and girls or promoting women's health or women's development issues internationally.

(c) CONTENT.—The strategy developed under subsection (a) shall—

(1) identify 5 to 20 countries with significant levels of violence against women and girls, including within displaced communities, that have the government or nongovernment organizational capacity to manage and implement gender-based violence prevention and response program activities;

(2) include individual, comprehensive plans for prevention and response in each of the countries identified under paragraph (1) (hereafter in this chapter referred to as ''country plans'');

(3) estimate the resource requirements for carrying out each country plan, including the proposed sources of funding and amounts to be contributed by or sought from partner countries and other public and private donors;

(4) specify the roles and responsibilities of each Federal agency in carrying out the strategy;

(5) ensure that the country plans are integrated with Country Development Cooperation Strategies required under section 1018 and action plans for human rights and democracy required under section 3103, as appropriate;

(6) explain the mechanisms and processes for consultation and coordination with partner countries and other public and private donors in all stages of planning and implementation of each country plan; and

(7) describe the monitoring and evaluation mechanisms to be used for each country plan.

(d) ACTIVITIES.—Each country plan should incorporate at least 2 of the following activities:

(1) Enhancing the capacity of the health sector to prevent and respond to violence against women and girls.

(2) Developing and enforcing civil and criminal legal and judicial sanctions, protections, training, and capacity.

(3) Supporting efforts to change social norms and attitudes so that violence against women and girls is neither condoned nor tolerated.

(4) Expanding access of women and girls to quality education.

(5) Increasing economic opportunities for women, including through access to credit, vocational training, property ownership, and inheritance rights.

SEC. 3204. ASSISTANCE TO PREVENT AND RESPOND TO VIOLENCE AGAINST WOMEN AND GIRLS INTERNATIONALLY.

(a) IN GENERAL.—The Secretary and the Administrator are authorized to use funds made available for economic assistance to carry out the comprehensive international strategy and country plans developed under section 3203 and to conduct research and collect and analyze data in accordance with section 3202.

(b) COORDINATION OF ASSISTANCE.—The Secretary and the Administrator shall seek to ensure that programs, projects, and activities carried out under this subtitle are

coordinated with related programs, projects, and activities carried out under other provisions of law.

SEC. 3205. DEFINITIONS.

In this subtitle:

(1) PREVENTION AND RESPONSE.—The term ''prevention and response'' means activities designed to prevent and respond to violence against women and girls.

(2) VIOLENCE AGAINST WOMEN AND GIRLS.—The term ''violence against women and girls''means any act of violence that results in, or is likely to result in, physical, sexual, or psychological harm or suffering to women or girls, including threats of such acts, coercion, or arbitrary deprivations of liberty, whether occurring in public or private life.

Subtitle C—Rule of Law

SEC. 3301. FINDINGS.

Congress finds the following:

(1) Human security depends upon the existence of a system under which citizens are protected against arbitrary and abusive use of power, law and order are consistently maintained, and justice is effectively administered.

(2) The rule of law must be carried out in accordance with international human rights standards,

which include the equality and accountability of all individuals before the law regardless of political or social status; the protection of individuals against arbitrary or discriminatory treatment by, or with the acquiescence of, the government; the independence of the judiciary and the legal profession from other branches of government; the professional maintenance of law and order; and the transparent and fair administration of justice.

(3) Responsible and effective criminal justice systems not only build the foundations for democracy and economic growth in developing countries, but also help to stem illicit activities, such as drug trafficking and terrorism, that threaten United States national interests.

(4) Provision of rule of law assistance to foreign police and security forces is an inherently governmental function, which should be performed by, or under the direct supervision of, United States Government employees.

(5) The United States should provide assistance to foreign law enforcement agencies only—

(A) if such agencies have demonstrated a commitment to improving protection of the se-

curity, human rights and dignity of the civilian population;

(B) within the context of a comprehensive program to strengthen the rule of law and improve the administration of justice; and

(C) in conjunction with a system to monitor and evaluate the impact of such advice, training, and equipment.

SEC. 3302. GLOBAL RULE OF LAW POLICY COMMITTEE.

(a) ESTABLISHMENT.—The President shall establish a Global Rule of Law Policy Committee (hereafter in this section referred to as the ''Committee''), to include the Secretary of State, the Attorney General, the Secretary of Homeland Security, the Secretary of the Treasury, the Secretary of Defense, the Administrator, and the heads of other Federal agencies engaged in rule of law assistance.

(b) PURPOSE.—The purpose of the Committee shall be to promote coordination among Federal agencies carrying out rule of law assistance and to build capacity to provide such assistance effectively.

(c) REVIEW.—The Committee shall have the authority to review any proposed legislative or legal advice to be provided by private contractors to foreign law enforcement agencies.

(d) COORDINATION PLAN.—Not later than 180 days after the date of the enactment of this Act, the Committee shall establish a plan for the coordination of rule of law assistance, including—

(1) building capacity within the United States Government to provide expert, long-term advice and training for foreign civilian law enforcement agencies and judicial systems;

(2) utilizing such capacity currently existing within other donor countries and international and nongovernmental organizations;

(3) delineating the roles and responsibilities of each Federal agency in carrying out rule of law assistance;

(4) establishing general policies and principles guiding the provision of rule of law assistance; and

(5) ensuring policy and program coordination among Federal agencies carrying out rule of law assistance.

(e) TRANSMISSION TO CONGRESS.—The coordination plan required under subsection (d) shall be transmitted to the appropriate congressional committees and made publicly available on the Internet.

(f) DEFINITION.—In this section, the term ''rule of law assistance'' means assistance under this or any other

Act to combat crime, improve law enforcement, and strengthen the administration of justice in a foreign country, including assistance under sections 1803, 3303, and 5203.

SEC. 3303. ASSISTANCE FOR RULE OF LAW.

(a) NONLETHAL ASSISTANCE.—The President is authorized to provide training, advice, and nonlethal equipment to eligible foreign law enforcement agencies to improve the capacity of such agencies to—

(1) protect the safety and security of civilian populations, including through community policing;

(2) promote respect for human rights and due process of law;

(3) prevent and respond to violence against women and girls;

(4) reduce organized crime, corruption, and financial crimes;

(5) carry out investigative and forensic functions;

(6) bring penal institutions into conformity with international humanitarian standards;

(7) develop training curricula;

(8) manage human and financial resources and carry out administrative functions, including internal discipline procedures;

(9) conduct strategic planning and institutional reform consistent with civilian democratic control;

(10) institute effective mechanisms for accountability and oversight;

(11) develop constructive relationships with the communities they serve;

(12) prevent disputes from escalating into violence;

(13) respond appropriately and effectively in disasters and emergencies;

(14) control and protect land, air and maritime borders, and enforce customs;

(15) participate in international peace support operations;

(16) monitor and enforce sanctions regimes;

(17) detect and interdict trafficking in persons, weapons, narcotics, and other contraband;

(18) conduct maritime law enforcement and border control; and

(19) combat terrorism and violent extremism.

(b) ADMINISTRATION OF JUSTICE.—The President is authorized to assist eligible foreign law enforcement agencies to improve administration of justice, including through—

(1) revision and modernization of legal codes and procedures;

(2) improving transparency and efficiency of judicial processes;

(3) professional training, scholarships, and exchanges of lawyers, judges, and other judicial officials;

(4) building administrative and financial management capacity in the justice sector;

(5) programs to enhance protection of witnesses and participants in judicial cases;

(6) strengthening professional organizations in order to promote services to members and the role of the bar in judicial selection, enforcement of ethical standards, and legal reform;

(7) increasing the availability of legal materials and publications;

(8) developing systems to ensure competent defense of indigent clients charged with crimes;

(9) enhancing access of crime victims to legal information and services; and

(10) programs to strengthen respect for the rule of law and internationally recognized human rights.

(c) ELIGIBLE AGENCIES.—A foreign law enforcement agency shall be eligible for assistance under this section only if—

(1) the President determines, and reports to the appropriate congressional committees not less than 15 days in advance of providing such assistance, that such agency has demonstrated a commitment to improving protection of the security, human rights, and dignity of the civilian population;

(2) the assistance will be used to strengthen democratic control over the police or prison authority or to improve adherence to international human rights standards; and

(3) such agency is not otherwise prohibited by any provision of this Act from receiving assistance.

(d) ACCOUNTABILITY.—The Comptroller General of the United States shall, not later than 1 year after the date of the enactment of this Act, conduct a review of the effectiveness and results of rule of law programs supported by the United States Government over the prior 5-year period, including their outcomes for human rights, in order to determine best practices and lessons learned for future programming.

(e) PARTICIPATION IN FOREIGN POLICE ACTIONS.—

(1) PROHIBITION ON EFFECTING AN ARREST.—No officer or employee of the United States may directly effect an arrest in any foreign country as part of any foreign police action, notwithstanding any other provision of law.

(2) PARTICIPATION IN ARREST ACTIONS.—Paragraph (1) does not prohibit an officer or employee of the United States, with the approval of the United States chief of mission, from being present when foreign officers are effecting an arrest or from assisting foreign officers who are effecting an arrest.

(3) EXCEPTION FOR EXIGENT, THREATENING CIRCUMSTANCES.—Paragraph (1) does not prohibit an officer or employee from taking direct action to protect life or safety if exigent circumstances arise which are unanticipated and which pose an immediate threat to United States officers or employees, officers or employees of a foreign government, or members of the public.

(4) EXCEPTION FOR MARITIME LAW ENFORCEMENT.—With the agreement of a foreign country, paragraph (1) does not apply with respect to maritime law enforcement operations in the territorial sea or archipelagic waters of that country.

(5) EXCEPTION FOR STATUS OF FORCES ARRANGEMENTS.—This subsection does not apply to the activities of the United States Armed Forces in carrying out their responsibilities under applicable status of forces arrangements.

SEC. 3304. DEFINITION.

In this subtitle, the term ''foreign law enforcement agency'' means an agency—

(1) with domestic arrest powers;

(2) responsible for internal security, including the protection of life and property; and

(3) that does not report to a defense ministry or similar or related entity of a foreign government and is not a military force.

Subtitle D—Child Protection

SEC. 3401. FINDINGS.

Congress finds that—

(1) the Trafficking Victims Protection Act of 2000 (Public Law 106–386) and subsequent reauthorization Acts establish a comprehensive framework for monitoring and combating human trafficking, including that of children;

(2) under the Trafficking Victims Protection Act of 2000, the Secretary annually identifies countries that do not comply with minimum standards

for the elimination of trafficking, some of which are making significant efforts to bring themselves into compliance;

(3) additional incentives should be provided to encourage countries to protect and rescue children subjected to severe forms of trafficking or sexual exploitation; and

(4) such incentives can be provided in the form of assistance to countries that—

(A) have a significant prevalence of trafficking in children;

(B) agree to address institutional weaknesses within the government that result in the failure to protect vulnerable children and to rescue and properly rehabilitate victims; and

(C) agree to enhance efforts to apprehend perpetrators who engage in severe forms of trafficking in children and bring them to justice in national courts of law.

SEC. 3402. CHILD PROTECTION COMPACTS.

(a) AUTHORIZATION.—The Secretary, acting through the Office to Monitor and Combat Trafficking in Persons and in consultation with the Senior Policy Operating Group on Trafficking in Persons, is authorized to enter into a compact described in subsection (b) with an eligible

country described in subsection (c) to protect and rescue children subjected to severe forms of trafficking or sexual exploitation. Such compact shall be known as a ''Child Protection Compact''.

(b) COMPACT.—

(1) IN GENERAL.—A compact described in this subsection is an agreement between the United States and an eligible country that establishes a multiyear plan to protect and rescue children subjected to severe forms of trafficking or sexual exploitation.

(2) ELEMENTS.—A compact shall contain—

(A) the specific objectives that the country and the United States expect to achieve during the term of the compact;

(B) the responsibilities of the country and the United States in the achievement of such objectives;

(C) the particular programs or initiatives to be undertaken in the achievement of such objectives and the amount of funding to be allocated to each program or initiative;

(D) regular outcome indicators to monitor and measure progress toward achieving such

1 objectives, including indicators for each pro-
2 gram or initiative;
3 (E) a multi-year financial plan, including
4 the estimated amount of contributions by the
5 United States and the country; and
6 (F) the strategy of the country to sustain
7 progress made toward achieving such objectives
8 after expiration of the compact.
9 (3) PROGRAMS AND INITIATIVES.—Programs
10 and initiatives under a compact may include—
11 (A) evaluating legal standards and prac-
12 tices and recommending improvements that will
13 increase the likelihood of successful prosecu-
14 tions;
15 (B) training anti-trafficking police and in-
16 vestigators;
17 (C) increasing public awareness of the
18 risks and dangers of child trafficking;
19 (D) building cooperation between domestic
20 nongovernmental organizations and law enforce-
21 ment agencies to identify and rescue victims;
22 (E) making courts more friendly to vic-
23 tims;
24 (F) providing rehabilitation and reintegra-
25 tion services for rescued children;

(G) supporting innovative technology and improved data collection to prevent child trafficking, aid in the prosecution of criminals, and rescue victims; and

(H) developing regional cooperative plans with neighboring countries to prevent cross-border trafficking of children and child sex tourism.

(c) ELIGIBLE COUNTRIES.—A country is eligible for a compact if the country—

(1) is a developing country, in that term is defined in section 1023;

(2) is a Tier II country or Tier II Watch List country;

(3) has a documented high prevalence of trafficking of children; and

(4) has demonstrated political will and sustained commitment by the government to undertake meaningful measures to address severe forms of trafficking of children, including—

(A) enactment and enforcement of laws criminalizing trafficking in children with punishments commensurate with the crime, including, when necessary, against complicit government officials;

(B) cooperation with local and international nongovernmental organizations with demonstrated expertise in combating the trafficking in children; and

(C) the treatment of child trafficking victims in accordance with Article 6(3) of the Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, Supplementing the United Nations Convention Against Transnational Organized Crime.

SEC. 3403. AUTHORIZATION OF ASSISTANCE.

(a) IN GENERAL.—The Secretary is authorized to use funds made available under this Act for economic assistance to—

(1) develop a Child Protection Compact between the United States and an eligible country under section 3402; and

(2) provide assistance to an eligible entity described in subsection (b) to carry out a Child Protection Compact.

(b) ELIGIBLE ENTITIES.—In carrying out a Child Protection Compact, the Secretary may provide assistance to—

(1) the national government of the eligible country under section 3402;

(2) regional or local governmental units of an eligible country under section 3402;

(3) a regional or international organization; or

(4) a nongovernmental organization or a private entity with expertise in the protection of vulnerable children, the investigation and prosecution of those who engage in or benefit from child trafficking, or the rescue of child victims of trafficking.

SEC. 3404. SUSPENSION AND TERMINATION OF ASSISTANCE.

(a) SUSPENSION AND TERMINATION OF ASSISTANCE.—The Secretary shall suspend or terminate assistance under section 3403 in whole or in part for an eligible entity under section 3403 if the Secretary determines that—

(1) the entity is engaged in activities that are contrary to the national security interests of the United States;

(2) the entity has engaged in a pattern of actions inconsistent with the criteria used to determine the eligibility of the country or entity, as the case may be; or

(3) the entity has failed to adhere to its responsibilities under the Child Protection Compact.

(b) REINSTATEMENT.—The Secretary may reinstate assistance that has been suspended or terminated under subsection (a) only if the Secretary determines that the entity has demonstrated a commitment to correcting each condition for which assistance was suspended or terminated.

(c) CONGRESSIONAL NOTIFICATION.—Not later than 3 days after the date on which the Secretary suspends or terminates assistance under subsection (a) for an entity, or reinstates assistance under subsection (b) for an entity, the Secretary shall submit to the appropriate congressional committees a report that contains the determination of the Secretary under subsection (a) or subsection (b), as the case may be.

SEC. 3405. CONGRESSIONAL NOTIFICATION.

(a) PRIOR CONSULTATION.—Not later than 15 days prior to the start of negotiations of a Child Protection Compact with a country, the Ambassador shall consult with the appropriate congressional committees.

(b) CONGRESSIONAL NOTIFICATION.—Not later than 10 days after entering into a Child Protection Compact with a country, the Ambassador shall notify the appropriate congressional committees, and shall provide a de-

tailed summary of the Compact and a copy of the text of the Compact.

(c) MONITORING AND EVALUATION.—The Ambassador shall ensure that regular monitoring reports for each compact are prepared and made available to the appropriate congressional committees, and that an independent impact evaluation is conducted upon the completion of a compact.

SEC. 3406. DEFINITIONS.

In this subtitle:

(1) AMBASSADOR.—The term ''Ambassador'' means the Ambassador-at-Large of the Department of State's Office to Monitor and Combat Trafficking in Persons.

(2) CHILD PROTECTION.—The term ''child protection'' means efforts to prevent and respond to violence, exploitation, and abuse against children.

(3) COMPACT.—The term ''Child Protection Compact'' or ''Compact'' means a Child Protection Compact described in section 3402.

(4) SEVERE FORMS OF TRAFFICKING.—The term ''severe forms of trafficking in persons'' means—

(A) sex trafficking in which a commercial sex act is induced by force, fraud, or coercion,

or in which the person induced to perform such act has not attained 18 years of age; or

(B) the recruitment, harboring, transportation, provision, or obtaining of a person for labor or services, through the use of force, fraud, or coercion for the purpose of subjection to involuntary servitude, peonage, debt bondage, or slavery.

(5) TIER II COUNTRIES AND TIER II WATCH LIST COUNTRIES.—The terms ''Tier II countries'' and ''Tier II Watch List countries'' mean those countries designated by the Secretary as not meeting minimum standards for the elimination of trafficking.

TITLE IV—BUILDING AND REINFORCING STRATEGIC PARTNERSHIPS

SEC. 4001. FINDINGS.

Congress finds the following:

(1) The ultimate goal of the United States continues to be a world which is free from the scourge of war and the dangers and burdens of armaments, in which the use of force has been subordinated to the rule of law, and in which international adjustments to a changing world are achieved peacefully.

(2) In furtherance of that goal, it remains the policy of the United States to encourage regional arms control and disarmament agreements; discourage arms races; and encourage restraint in the provision of armaments, especially small arms and light weapons and advanced conventional weapons, to countries in regions of instability.

(3) The efforts of the United States and other friendly countries to promote peace and security continue to require measures of support based upon the principle of effective self-help and mutual aid.

(4) The peace of the world and the security of the United States are endangered so long as hostile countries continue by threat of military action, by the use of economic pressure, by their active or permissive support of terrorists, terrorist organizations and extremism, and by internal subversion, or other means to attempt to undermine the peace, security, human rights, political freedoms, civil rights, or prosperity of others.

(5) Peace and security for all is endangered by the failure of countries to live up to their sovereign responsibilities to protect civilian populations from violence, reduce terrorism, halt the spread of dangerous materials, and control transnational crime.

(6) It is in the interest of the United States to help foreign countries build capable and accountable military, police, customs, and other security forces, under civilian democratic control, in order to exercise their sovereign responsibilities.

(7) Extreme poverty and underdevelopment are threats to peace. The provision of foreign assistance under this title to developing countries must take into account how the foreign assistance will affect such countries' social and economic development and whether the foreign assistance is diverting resources away from development efforts that meet basic needs of the population and address root causes of instability.

(8) Weapons and weapons systems are not and should not be considered to be normal commodities for international trade, and the United States should permit such sales only to the extent that such sales directly support United States foreign policy and national security objectives.

(9) Foreign assistance under this title should not be provided if such foreign assistance will likely—

(A) contribute to an arms race or regional instability;

(B) increase the possibility of outbreak or escalation of conflict, either within or across the borders of the recipient country;

(C) support international terrorism;

(D) prejudice the development of bilateral or multilateral arms control arrangements;

(E) adversely affect the arms control or nonproliferation policy of the United States;

(F) be in excess to the legitimate defense needs of the recipient country in terms of the actual threats to its national security it faces; or

(G) undermine the objectives and purposes to promote and protect human rights and democracy under title III.

SEC. 4002. STATEMENT OF POLICY.

It is the policy of the United States—

(1) to promote the peace of the world and the foreign policy, security, and general welfare of the United States by fostering an improved climate of security, political independence and individual liberty, improving the ability of friendly countries and international organizations to deter or, if necessary, defeat aggression in whatever form, facilitating arrangements for individual and collective security, as-

sisting friendly countries to provide for their legitimate defense needs, and creating an environment of security and stability in the developing friendly countries essential to their more rapid social, economic, and political progress;

(2) to exert leadership in the world community to bring about arrangements for reducing the international trade in implements of war and to lessen the danger of outbreak of regional conflict and the burdens of armaments;

(3) to exert maximum efforts to achieve universal control of weapons of mass destruction, the securing and control of the means to produce and deliver them, and universal regulation and reduction of armaments, including armed forces, under adequate safeguards to protect complying countries against violation, aggression, and invasion;

(4) to administer United States programs for or procedures governing the export, sale, and grant of defense articles and defense services to foreign countries and international organizations in a manner consistent with the goals described in section 4003;

(5) to achieve international peace and security through the United Nations and the diplomatic set-

tlement of disputes so that armed force shall not be used except for individual or collective self-defense;

(6) to encourage all other countries to join in a common undertaking to meet the goals described in section 4003; and

(7) to give priority for the provision of foreign assistance under this title to the needs of those countries in danger of becoming victims of aggression, terrorism, or intimidation by conventional or non-conventional military means.

SEC. 4003. GOALS OF ASSISTANCE.

(a) IN GENERAL.—The provision of foreign assistance under this title to any country or organization shall be furnished solely to achieve the following goals:

(1) To improve the ability of the country or organization to meet its legitimate defense and internal security needs.

(2) To assist and encourage the country or organization to recognize and effectively address problems that threaten United States security, including terrorism, proliferation of weapons and dangerous technologies, environmental destruction, the spread of deadly disease, and transnational crime.

(3) To protect civilian populations from violence, including criminal violence.

(4) To permit the country or organization to participate in regional or collective arrangements or measures requested by the United Nations, or consistent with the Charter of the United Nations, for the purpose of maintaining or restoring international peace and security.

(5) To increase the professionalization, transparency, accountability, humanitarian and disaster response capacity, or human rights record of the security forces of the country or organization, and the effective control of such security forces by civilian democratic authorities.

(6) To promote a social, economic, and political environment conducive to stable peace in the country or region.

(b) BIENNIAL REVIEW AND REPORT.—

(1) REVIEW.—In carrying out the requirements of section 9201 with respect to security assistance, the Secretary shall, for each country to which such assistance is provided—

(A) review the extent to which such assistance is achieving the goals of subsection (a);

(B) review the impact of such assistance on internationally recognized human rights; and

(C) incorporate the results of such review into decisions regarding the provision and design of security assistance.

(2) BIENNIAL REPORT.—Not later than 2 years after the date of the enactment of this Act, and every 2 years thereafter, the President shall submit to the appropriate congressional committees a report on the result of the review required under paragraph (1) and the steps taken to incorporate the results of such review into security assistance decisionmaking.

Subtitle A—Economic Support Fund

SEC. 4101. FINDINGS AND STATEMENT OF POLICY.

(a) FINDINGS.—Congress finds the following:

(1) Conflict, violence, anarchy, and instability, fueled by problems such as tyranny and oppression, corruption and financial mismanagement, ethnic and religious discrimination and discord, competition over resources, and other sources of tension, are among the greatest threats to United States national security.

(2) Terrorism and violent extremism undermine the stability and survival of states, the protection of democratic freedoms, the vitality of economies and markets, and the lives of civilian populations.

(3) United States leadership is essential to countering terrorism and violent extremism, fostering political and economic stability, and reaching comprehensive, just and lasting peace agreements.

(4) To reduce the need for military force, the United States must develop and maintain a broad range of efficient and effective diplomatic and economic tools to promote peaceful resolution of conflict and to prevent the collapse of weak and fragile states.

(5) Efforts to promote international peace and stability are most effective when undertaken on a multilateral basis, in concert with strategic partners.

(6) Prudent investment of United States resources to assist, through bilateral and collective efforts, in preventing or containing armed conflict, in restoring peace and stability, and in addressing the sources of conflict, is essential for achieving a peaceful world.

(7) While stability is a necessary precursor to long-term development, stabilization programming often has different objectives, beneficiaries, modalities, and measurement tools than long-term development programming, and should be justified, budgeted, and evaluated according to different criteria.

(b) STATEMENT OF POLICY.—It is the policy of the United States to deepen engagement with close allies and partners, and to develop relations with new partners, to prevent violent conflict, resolve underlying grievances fairly, and build sustainable peace.

SEC. 4102. GOAL AND OBJECTIVES.

(a) GOAL.—The goal of foreign assistance under this subtitle is to expand strategic partnerships to prevent violent conflict, resolve underlying grievances fairly, and build sustainable peace.

(b) OBJECTIVES.—In furtherance of the goal described in subsection (a), foreign assistance under this subtitle shall be designed to achieve the following objectives:

(1) Promoting and supporting peace agreements.

(2) Increasing economic and political stability.

(3) Facilitating participation in collective diplomatic and security efforts.

(4) Strengthening democratic governance.

SEC. 4103. ECONOMIC SUPPORT FUND.

(a) AUTHORIZATION.—The President is authorized to provide foreign assistance under this subtitle to countries and organizations, on such terms and conditions as the President may determine, in order to achieve the goal and

1 objectives of this subtitle. Such foreign assistance shall be
2 known as ''Economic Support Fund'' assistance.
3 (b) RELATIONSHIP TO DEVELOPMENT ASSIST-
4 ANCE.—Foreign assistance under this subtitle—
5 (1) should be designed to complement assist-
6 ance under title I and should be linked with subse-
7 quent medium-term and long-term development pro-
8 grams;
9 (2) shall be provided, to the maximum extent
10 feasible, consistent with the policy directions, pur-
11 poses, and programs of title I; and
12 (3) is authorized to be provided for countries in
13 amounts that could not be justified solely under as-
14 sistance under title I.
15 (c) ROLE OF THE SECRETARY.—The Secretary shall
16 be responsible for policy decisions and justifications for
17 foreign assistance under this subtitle, including determina-
18 tions of whether to provide foreign assistance to a country
19 or organization and the amount of such foreign assistance.
20 The Secretary shall exercise this responsibility in coordi-
21 nation with the Administrator.
22 (d) INFORMATION TO BE PROVIDED.—The annual
23 congressional budget justification required under section
24 9302 and the database required under section 9301 shall
25 include information concerning the amounts and kinds of

cash grant transfers, the amounts and kinds of budgetary and balance-of-payments support provided, and the amounts and kinds of project assistance provided with funds made available under this subtitle.

(e) NON-MILITARY PURPOSES.—Amounts made available to carry out this subtitle may not be used for military or paramilitary purposes and may not be carried out by military forces.

(f) AVAILABILITY OF FUNDS.—Amounts made available to carry out this subtitle are authorized to remain available until expended.

SEC. 4104. CASH TRANSFER ASSISTANCE.

(a) IN GENERAL.—The Secretary is authorized to provide foreign assistance under this subtitle in the form of cash grant transfers, balance-of-payments support, or other non-project assistance only to the extent and in the amounts justified in the annual congressional budget justification required under section 9302 or as subsequently notified to Congress pursuant to section 9401.

(b) SEPARATE ACCOUNTS.—A country or organization receiving foreign assistance in the form of cash transfers or non-project sector assistance shall be required to maintain such funds in a separate account and not commingle them with any other funds.

(c) USE OF FUNDS.—Funds placed into a separate account pursuant to subsection (b) may be obligated and expended notwithstanding commodity restrictions (as defined in section 11001).

Subtitle B—Security Partnerships

CHAPTER 1—GENERAL AUTHORITIES

SEC. 4211. AUTHORIZATION OF ASSISTANCE.

(a) AUTHORIZATION.—

(1) IN GENERAL.—The President is authorized to provide foreign assistance under this subtitle to any country or organization that is eligible to receive such assistance in order to promote security in the country or region.

(2) TERMS AND CONDITIONS.—The President may provide foreign assistance under this subtitle on such terms and conditions as the President may determine.

(b) TYPES OF ASSISTANCE.—Assistance provided under subsection (a) includes—

(1) acquiring from any source and providing by grant any defense article or defense service;

(2) assigning or detailing members of the United States Armed Forces and other personnel of the Department of Defense, the Department of

State, or any other Federal agency, to perform duties of a non-combatant nature; or

(3) transferring such amounts made available under this title as the President may determine for assistance to the country or organization to the account in which amounts for the procurement of defense articles and defense services under section 4311 and section 4312 have been deposited for the country or organization, to be merged with such deposited funds, and to be used solely to meet obligations of the country or organization for payment for sales of defense items and services under this title.

(c) EXCLUSION OF CERTAIN COSTS.—Sales that are wholly paid from funds transferred under subsection (b)(3) or from funds made available on a non-repayable basis under section 4311 shall be priced to exclude the costs of salaries of members of the United States Armed Forces (other than the Coast Guard).

SEC. 4212. CONDITIONS OF ASSISTANCE.

(a) IN GENERAL.—Consistent with the requirements of sections 4361 and 4362, foreign assistance authorized under this subtitle, including defense articles, defense services, or related training, may be provided to any country or organization if the country or organization (as the case may be) has agreed that—

(1) it will not transfer title to, or possession or use of, any defense article, defense service, or related training so provided to it, or produced pursuant to a cooperative project agreement, to anyone who is not an officer, employee, or agent of the country or organization (as the case may be) or the specific member countries (other than the United States) in the case of a cooperative project agreement, without the prior consent of the President;

(2) it will maintain the security of such articles, services, or related training and will provide substantially the same degree of security protection afforded to such articles, services, or related training by the United States Government;

(3) it will, as the President may require, permit continuous observation and review by, and provide necessary information to, representatives of the United States Government with regard to the use of such articles, services, or related training; and

(4) unless the President consents to other disposition, it will return to the United States Government for such use or disposition as the President considers in the best interests of the United States, such articles, services, or related training which are

no longer needed for the purposes for which provided.

(b) CERTIFICATION.—

(1) IN GENERAL.—The Secretary may not give consent under section 4361 to the retransfer of any defense article or defense service that would be, if it were a sale, subject to the requirements of section 4382 (regarding congressional certification of sensitive foreign military sales and agreements), unless the Secretary submits to the appropriate congressional committees a written certification with respect to such proposed retransfer containing—

(A) the name of the country or organization proposing to make such retransfer;

(B) a description of such article or service proposed to be retransferred, including its acquisition cost;

(C) the name of the proposed recipient of such article or service;

(D) the reasons for such proposed retransfer; and

(E) the date on which such retransfer is proposed to be made.

(2) FORM.—Any certification submitted to the appropriate congressional committees pursuant to paragraph (1)—

(A) shall be submitted in unclassified form, except that information regarding the dollar value and number of defense articles or defense services proposed to be retransferred may be submitted in classified form if public disclosure thereof would be clearly detrimental to the security of the United States; and

(B) shall be subject to the requirements of sections 4384.

(3) EXCEPTION.—Paragraph (1) shall not apply to an export that has been exempted from the licensing requirements of this title pursuant to an agreement pursuant to section 4341.

(c) EXCEPTION FOR INCORPORATED COMPONENTS.—The consent of the President under subsection (a)(1) shall not be required for the transfer by a foreign country or international organization of defense articles sold by the United States under this Act if—

(1) such articles constitute components incorporated into foreign defense articles;

(2) the recipient is the government of a strategic United States ally;

(3) the recipient is not a country designated under section 10401;

(4) the United States-origin components are not—

(A) significant military equipment;

(B) defense articles for which notification to Congress is required under section 4382; and

(C) identified by regulation as Missile Technology Control Regime items; and

(5) the foreign country or international organization provides notification of the transfer of the defense articles to the United States Government not later than 30 days after the date of such transfer.

SEC. 4213. PROHIBITION FOR MISUSE OF UNITED STATES ASSISTANCE.

(a) PROHIBITION.—No foreign assistance may be provided under this subtitle, subtitle C, or any predecessor Act to any country or organization if the Secretary has credible information the country or organization (as the case may be) uses or has used assistance, including defense articles or defense services, provided under this title or any predecessor Act in substantial violation (either in terms of quantities or in terms of the gravity of the consequences regardless of the quantities involved) of any

agreement entered into pursuant to this title or any such Act—

(1) by using such articles or services for a purpose not authorized under section 4301 or, if such agreement provides that such articles or services may only be used for purposes more limited than those authorized under section 4301, for a purpose not authorized under such agreement; or

(2) by transferring such articles or services to, or permitting any use of such articles or services by, anyone not an officer, employee, or agent of the country or organization without the prior consent of the United States; or

(3) by failing to maintain the security of such articles or services, including attempts to obtain classified or proprietary information or technology from such articles or services.

(b) CONGRESSIONAL NOTIFICATION.—

(1) IN GENERAL.—The Secretary shall notify the appropriate congressional committees promptly upon the receipt of credible information that a country or organization may have committed a violation described in subsection (a), and what actions are being taken to implement the prohibition under that subsection. The President shall ensure that the ap-

propriate United States Government departments and agencies provide to the Secretary without delay any and all information relating to a violation described in subsection (a).

(2) TIMING.—The notification required under paragraph (1) with respect to a country or organization shall occur before a certification required under chapter 6 of subtitle C relating to a proposed export of a defense article or defense service to the country or organization.

(c) REINSTATEMENT.—The prohibition on assistance under subsection (a) shall cease to be effective for any country or organization if the Secretary determines and notifies the appropriate congressional committees that—

(1) the violation for which the prohibition was imposed has ceased;

(2) the country or organization (as the case may be) has given assurances satisfactory to the Secretary that the violation will not recur; and

(3) the country or organization (as the case may be) has taken sufficient steps to prevent a recurrence of any similar violation; or

(4) the Secretary has determined that the violation did not in fact occur.

(d) WAIVER.—The Secretary may waive the prohibition on assistance under subsection (a) for any country or organization if the Secretary determines and notifies the appropriate congressional committees that such prohibition on assistance would have a significant adverse impact on the security of the United States.

(e) REVIEW AND REPORT.—

(1) REVIEW.—Not later than 180 days after the date of the enactment of this Act, and every 3 years thereafter, the Inspector General of the Department of State shall conduct a review of investigations by the Department of State of any and all possible occasions of misuse of defense articles and defense services by countries and organizations to determine whether the Department of State has fully complied with the requirements of this section, as well as with the Department of State's internal procedures (and whether such procedures are adequate), for reporting to Congress any information regarding the unlawful use or transfer of defense articles and defense services by such countries and organizations.

(2) REPORT.—The Inspector General of the Department of State shall submit to the appropriate congressional committees for each of fiscal years

2014 through 2017 a report that contains the findings and results of the review conducted under paragraph (1). The report shall be submitted in unclassified form to the maximum extent possible, but may include a classified annex.

CHAPTER 2—DRAWDOWN AUTHORITY

SEC. 4221. AUTHORIZATION OF EMERGENCY ASSISTANCE.

(a) AUTHORIZATION.—If the President determines that—

(1) an unforeseen emergency exists which requires the immediate provision of assistance authorized under this subtitle to a country or organization, and

(2) the emergency requirement cannot be met under the authority of any other provision of law except this section,

the President may direct, in order to meet the goals described in section 4003, the drawdown of articles and services, including training, from any Federal agency of an aggregate value of not to exceed $250,000,000 in any fiscal year.

(b) CONGRESSIONAL NOTIFICATION.—The President may exercise the authority of subsection (a) with respect to an emergency described in subsection (a) only if the

President first notifies the appropriate congressional committees.

SEC. 4222. AUTHORIZATION OF NON-EMERGENCY ASSISTANCE.

(a) IN GENERAL.—If the President determines that it is in the national interest of the United States to drawdown articles and services from the inventory and resources of any Federal agency, including military education and training from the Department of Defense, the President may direct the drawdown of such articles, services, and military education and training—

(1) for purposes of providing foreign assistance, as administered by the Department of State, under this Act;

(2) for purposes of providing assistance under the Migration and Refugee Assistance Act of 1962; or

(3) to support cooperative efforts with Vietnam, Cambodia, or Laos to locate and repatriate members of the United States Armed Forces and civilians employed directly or indirectly by the United States Government who remain unaccounted for from the Vietnam War, including for purposes of—

(A) ensuring the safety of United States Government personnel engaged in such cooperative efforts; and

(B) supporting Department of Defense-sponsored humanitarian projects associated with such efforts.

(b) LIMITATION.—An aggregate value of not to exceed $250,000,000 in any fiscal year of such articles, services, and military education and training may be provided pursuant to subsection (a).

(c) NOTIFICATION.—The authority contained in this section shall be effective for any such drawdown only upon notification to the appropriate congressional committees at least 15 days prior to such drawdown in accordance with the procedures applicable to reprogramming notifications.

SEC. 4223. COMMERCIAL TRANSPORTATION AND RELATED SERVICES.

For purposes of this chapter, a drawdown of articles or services may include the supply of commercial transportation and related services that are acquired by contract for the purposes of the drawdown in question if the cost to acquire such commercial transportation and related services is less than the cost to the United States Govern-

ment of providing such services from existing assets of the applicable Federal agency.

SEC. 4224. REPORT.

(a) IN GENERAL.—The Secretary shall keep the appropriate congressional committees fully and currently informed of assistance provided to a country or organization under this chapter, including by submitting to the appropriate congressional committees a report describing such assistance delivered to each country or organization upon delivery of such articles or upon completion of such services or education and training.

(b) PUBLICATION ON WEBSITE.—The Secretary shall publish each report required under subsection (a) on the Internet website of the Department of State upon submission of the report to the appropriate congressional committees.

CHAPTER 3—LOANS OF DEFENSE ARTICLES

SEC. 4231. LOAN REQUIREMENTS.

In addition to such other terms and conditions as the President may determine pursuant to section 4211, defense articles and defense services may be loaned under such section only if—

(1) there is a bona fide reason, other than the shortage of funds, for providing such articles on a loan basis rather than on a grant basis;

(2) there is a reasonable expectation that such articles will be returned to the Federal agency making the loan at the end of the loan period unless the loan is then renewed;

(3) the loan period is of fixed duration not exceeding five years, during which such article may be recalled for any reason by the United States;

(4) the agency making the loan is reimbursed for the loan according to the provisions of section 4232; and

(5) the loan agreement provides that—

(A) if the defense article is damaged while on loan, the country or organization to which it was loaned will reimburse the United States for the cost of restoring or replacing the defense article; and

(B) if the defense article is lost or destroyed while on loan, the country or organization to which it was loaned will pay to the United States an amount equal to the replacement cost (less any depreciation in the value) of the defense article.

SEC. 4232. COST OF LOANS.

(a) IN GENERAL.—In the case of any loan of a defense article or defense service made under section 4211, there shall be a charge to the appropriation for security assistance for any fiscal year while such article or service is on loan in an amount based on—

(1) the out-of-pocket expenses authorized to be incurred in connection with such loan during such fiscal year; and

(2) the depreciation which occurs during such year while such article is on loan.

(b) INAPPLICABILITY.—The provisions of this chapter shall not apply to any defense article or defense service, or portion thereof, acquired with funds made available for assistance under this title.

CHAPTER 4—STOCKPILING OF DEFENSE ARTICLES

SEC. 4241. GENERAL AUTHORITY.

(a) IN GENERAL.—The President is authorized to set aside, reserve, or otherwise earmark defense articles in the inventory of the Department of Defense, consistent with the provisions of this Act, for future use by any foreign country that is a strategic United States ally.

(b) NOTIFICATION.—

(1) IN GENERAL.—Except as provided in paragraph (2), not later than 15 days before making a

defense article that has been set aside, reserved, or otherwise earmarked under the authority of this section made available to or for use by a foreign country described in subsection (a), the President shall transmit a notification of the proposed transfer to the appropriate congressional committees and to the Committees on Armed Services of the House of Representatives and the Senate. The notification shall identify the items to be transferred and the concessions to be received.

(2) EXCEPTION.—If the President determines that an emergency exists that requires making a defense article available to a foreign country described in subsection (a), the President is authorized to make such defense article available immediately upon notification to the appropriate congressional committees. The President shall set forth the reasons for determining that such an emergency exists that warrants the immediate use of this authority.

(c) RULE OF CONSTRUCTION.—No defense article transferred from any stockpile which is made available to or for use by any foreign country under this section may be considered an excess defense article for the purpose of determining the value thereof.

SEC. 4242. VALUE OF DEFENSE ARTICLES.

(a) IN GENERAL.—The value of defense articles to be set aside, reserved, or earmarked or intended for use under this chapter in stockpiles located in foreign countries may not exceed $300,000,000 for a fiscal year, of which up to $200,000,000 may be made available for stockpiles in the State of Israel.

(b) VALUE DEFINED.—For purposes of this section, the term ''value'' means the acquisition cost plus crating, packing, handling, and transportation costs incurred in carrying out section 4241.

CHAPTER 5—FOREIGN MILITARY FINANCING

SEC. 4251. GENERAL AUTHORITY.

The President is authorized to finance the procurement of defense articles, defense services, and design and construction services by foreign countries and international organizations, on such terms and conditions as the President may determine consistent with the requirements of this chapter.

SEC. 4252. RULE OF CONSTRUCTION.

References in any law to credits extended under this chapter or section 21 of the Arms Export Control Act shall be deemed to include reference to participations in credits.

SEC. 4253. AUDITS.

For each fiscal year, the Secretary of Defense, as requested by the Director of the Defense Security Assistance Agency, shall conduct audits on a nonreimbursable basis of private firms that have entered into contracts with countries or organizations under which defense articles, defense services, or design and construction services are to be procured by such firms for such countries or organizations from financing under this chapter.

SEC. 4254. CASH FLOW FINANCING.

The Secretary may approve cash flow financing for Israel and Egypt for the procurement of defense articles, defense services, or design and construction services in excess of $100,000,000.

CHAPTER 6—INTERNATIONAL MILITARY EDUCATION AND TRAINING

SEC. 4261. PURPOSE.

The purpose of this chapter is to provide military education and training activities under this chapter that are designed—

(1) to encourage effective and mutually beneficial relations and increased understanding between the United States and foreign countries in furtherance of the goals of international peace and security;

(2) to improve the ability of foreign countries to utilize their resources, including defense articles and

defense services obtained by such countries from the United States, with maximum effectiveness, thereby contributing to greater self-reliance by such countries; and

(3) to increase the awareness of nationals of foreign countries participating in such activities of basic issues involving respect and observance of internationally recognized human rights, the importance of civilian oversight and authority over security and national defense forces, and of accountability of defense personnel to civilian governments and courts.

SEC. 4262. MILITARY EDUCATION AND TRAINING FOR FOREIGN MILITARY AND DEFENSE PERSONNEL.

(a) AUTHORITY.—The Secretary is authorized to provide, on such terms and conditions as the Secretary may determine, military education and training to foreign military and defense personnel.

(b) REQUIREMENTS.—Professional military education and training provided under subsection (a) shall be designed to—

(1) contribute to greater cooperation between the United States and the government of such foreign military and defense personnel on United States

counternarcotics, counterterrorism, or counterproliferation efforts; and

(2) foster greater respect for, and understanding of—

(A) democracy and the rule of law, including the principle of civilian control of the military; and

(B) internationally recognized human rights.

(c) SELECTION OF PARTICIPANTS.—The selection of foreign military and defense personnel for training under this chapter shall be made in consultation with the Secretary of Defense.

(d) FOREIGN MILITARY AND DEFENSE PERSONNEL DEFINED.—In this section, the term ''foreign military and defense personnel'' means members of the armed forces and civilian personnel of the defense ministry of a foreign country.

SEC. 4263. MILITARY EDUCATION AND TRAINING FOR FOREIGN CIVILIAN PERSONNEL.

(a) AUTHORITY.—The Secretary is authorized to provide, on such terms and conditions as the Secretary may determine, military education and training to foreign civilian personnel, if such military education and training would contribute to—

(1) civilian, democratic control of the military;

(2) responsible defense resource management;

(3) cooperation between military and law enforcement personnel with respect to counter-narcotics, counterterrorism, or counterproliferation activities; or

(4) improved military justice systems and procedures in accordance with internationally recognized human rights.

(b) FOREIGN CIVILIAN PERSONNEL DEFINED.—In this section, the term ''foreign civilian personnel'' includes legislators, representatives of civil society, and foreign governmental personnel of ministries other than ministries of defense.

SEC. 4264. LOCATIONS OF INSTRUCTION.

Military education and training activities carried out under this chapter may be provided through—

(1) attendance at military educational and training facilities in the United States (other than Service academies) and abroad;

(2) attendance in special courses of instruction at schools and institutions of learning or research in the United States and abroad; and

(3) observation and orientation visits to military facilities and related activities in the United States and abroad.

SEC. 4265. REIMBURSEMENT.

The Secretary shall seek reimbursement for military education and training provided under this chapter from countries using assistance under section 4251 to purchase such military education and training at a rate comparable to the rate charged to countries receiving grant assistance for military education and training under this chapter.

SEC. 4266. EXCHANGE OF TRAINING AND RELATED SUPPORT.

(a) AUTHORITY.—Subject to subsection (b), the Secretary, in consultation with the Secretary of Defense, is authorized to provide training and related support to foreign military and defense personnel (as defined in section 4262) and to foreign civilian personnel (as defined in section 4263). Such training and related support shall be provided by the Secretary of Defense and may include the provision of transportation, food services, health services, and logistics and the use of facilities and equipment.

(b) AGREEMENT OR OTHER ARRANGEMENT REQUIRED.—

(1) IN GENERAL.—Training and related support may be provided under this section only pursu-

ant to an agreement or other arrangements providing for the provision by the country or organization, on a reciprocal basis, of comparable training and related support to the United States.

(2) REASONABLE PERIOD OF TIME.—Such reciprocal training and related support shall be provided within a reasonable period of time (which may not be more than one year) of the provision of training and related support by the United States Government under this chapter.

(c) REIMBURSEMENT REQUIREMENT.—To the extent that a country or organization to which training and related support is provided under this section does not provide such comparable training and related support to the United States within a reasonable period of time, the Secretary shall require a country or organization to reimburse the United States for the full costs of the training and related support provided by the United States.

(d) REGULATIONS.—The President shall prescribe regulations for the provision of training and related support under this section.

CHAPTER 7—TRANSFER OF EXCESS DEFENSE ARTICLES

SEC. 4271. TRANSFER OF EXCESS DEFENSE ARTICLES.

(a) AUTHORITY.—To further the goals and objectives of United States foreign policy and the goals of this Act, the Secretary is authorized to transfer to foreign countries and international organizations excess defense articles under this section that have been designated by the Secretary of Defense as excess to the military needs of the United States, except for naval vessels subject to section 4275.

(b) LIMITATIONS ON TRANSFERS.—The Secretary may authorize the transfer of excess defense articles under this section only if—

(1) such articles are drawn from existing stocks of the Department of Defense;

(2) funds available to the Department of Defense for the procurement of defense equipment are not expended in connection with the transfer;

(3) the transfer of such articles will not have, in the judgment of the Secretary of Defense, an adverse impact on the military readiness of the United States;

(4) with respect to a proposed transfer of such articles on a grant basis, such a transfer is pref-

erable to a transfer on a sales basis, after taking into account the potential proceeds from, and likelihood of, such sales, and the comparative foreign policy benefits that may accrue to the United States as the result of a transfer on either a grant or sales basis; and

(5) the transfer of such articles will not have an adverse impact on the national technology and industrial base and, particularly, will not reduce the opportunities of entities in the national technology and industrial base to sell new or used equipment to the countries to which such articles are transferred.

SEC. 4272. TERMS OF TRANSFERS.

(a) IN GENERAL.—Excess defense articles may be transferred under section 4271 without cost to the recipient country or international organization.

(b) WAIVER OF REQUIREMENT FOR REIMBURSEMENT OF DEPARTMENT OF DEFENSE EXPENSES.—Section 11505(c) shall not apply with respect to the transfer to foreign countries and international organizations of excess defense articles (including transportation and related costs) under section 4271.

(c) TRANSPORTATION AND RELATED COSTS.—

(1) IN GENERAL.—Except as provided in paragraph (2), funds available to the Department of De-

fense may not be expended for crating, packing, handling, and transportation of excess defense articles transferred under the authority of section 4271.

(2) EXCEPTION.—Excess defense articles may be transported to a recipient country or international organization without charge if—

(A) the Secretary determines that it is in the national interest of the United States to do so;

(B) the total weight of the transfer does not exceed 50,000 pounds; and

(C) such transportation is accomplished on a space available basis.

SEC. 4273. ADVANCE NOTIFICATION TO CONGRESS FOR TRANSFER OF CERTAIN EXCESS DEFENSE ARTICLES.

(a) IN GENERAL.—The Secretary may not transfer excess defense articles that are significant military equipment (as defined in section 4411) or excess defense articles valued (in terms of original acquisition cost) at $10,000,000 or more, under section 4271 until 30 days after the date on which the Secretary has provided notice of the proposed transfer to the appropriate congressional committees in accordance with procedures applicable to reprogramming notifications under section 9401.

(b) CONTENTS.—Such notification shall include—

(1) a statement outlining the purposes for which the article is being provided to the country, including whether such article has been previously provided to such country;

(2) an assessment of the impact of the transfer on the military readiness of the United States;

(3) an assessment of the impact of the transfer on the national technology and industrial base and, particularly, the impact on opportunities of entities in the national technology and industrial base to sell new or used equipment to the countries to which such articles are to be transferred;

(4) a statement describing the current value of such article and the value of such article at acquisition; and

(5) an assessment, if the article is a small arm or light weapon, of the risk that such article or article could be illicitly transferred to terrorist or criminal persons or groups or otherwise used for unauthorized purposes.

SEC. 4274. AGGREGATE ANNUAL LIMITATION.

The aggregate value of excess defense articles transferred to countries under section 4271 in any fiscal year may not exceed $500,000,000.

SEC. 4275. RESTRICTIONS AND CONDITIONS ON TRANSFERS OF NAVAL VESSELS.

(a) IN GENERAL.—A naval vessel that is in excess of 3,000 tons or that is less than 20 years of age may not be disposed of to a foreign country (whether by sale, lease, grant, loan, barter, transfer, or otherwise) unless the disposal of that vessel, or of a vessel of the class of that vessel, is authorized by law. A lease or loan of such a vessel under such a law may be made only in accordance with the provisions of this title. In the case of an authorization by law for the disposal of such a vessel that names a specific vessel as being authorized for such disposal, the Secretary of Defense may substitute another vessel of the same class, if the vessel substituted has virtually identical capabilities as the named vessel.

(b) COSTS OF TRANSFERS.—Any expense incurred by the United States in connection with a transfer authorized by this section shall be charged to the recipient (notwithstanding section 4272(c)).

(c) REPAIR AND REFURBISHMENT IN UNITED STATES SHIPYARDS.—To the maximum extent practicable, the Secretary shall require, as a condition of the transfer of a vessel covered by this chapter, that the recipient to which the vessel is transferred have such repair or refurbishment of the vessel as is needed, before the vessel joins the naval forces of the recipient, performed at a ship-

yard located in the United States, including a United States Navy shipyard.

CHAPTER 8—COOPERATIVE PROJECT AGREEMENTS

SEC. 4281. AUTHORITY TO ENTER INTO COOPERATIVE PROJECT AGREEMENTS.

(a) AUTHORITY.—The President is authorized to enter into a cooperative project agreement with one or more foreign countries that is undertaken in order to—

(1) further the objectives of standardization, rationalization, and interoperability of the armed forces of the foreign country and the United States; or

(2) enhance an ongoing multinational effort of the parties to the agreement to improve the conventional defense capabilities of the parties.

(b) MATTERS TO BE INCLUDED.—

(1) IN GENERAL.—A cooperative project agreement described in subsection (a) shall provide that each of the parties to the agreement will contribute to the cooperative project its equitable share of the full costs of the cooperative project and will receive an equitable share of the results of such cooperative project.

(2) FULL COSTS DESCRIBED.—The full costs of the cooperative project includes overhead costs, administrative costs, and costs of claims.

(3) CONTRIBUTION OF FUNDS OR DEFENSE ARTICLES AND DEFENSE SERVICES.—A party to the cooperative project agreement described in subsection (a) may contribute its equitable share of the full cost of the cooperative project in funds or in defense articles or defense services needed for the cooperative project.

(4) LIMITATION ON ASSISTANCE.—Assistance provided under this Act to a foreign country may not be used by the foreign country to provide its equitable share of the full costs of the cooperative project under this section.

(5) LIMITATION ON WORKSHARING, ETC.—A cooperative project agreement described in subsection (a) may not impose a requirement on any party to the agreement for worksharing or other industrial or commercial compensation that is not specified in the terms of the agreement.

SEC. 4282. COSTS.

The President may enter into contracts or incur other obligations for a cooperative project described in section 4281 on behalf of the other parties to the cooperative

project agreement described in section 4281, without charge to any appropriation or contract authorization, if each of the other parties to the cooperative project agreement agrees—

(1) to pay its equitable share of the contract or other obligation; and

(2) to make such funds available in such amounts and at such times as may be required by the contract or other obligation and to pay any damages and costs that may accrue from the performance of or cancellation of the contract or other obligation in advance of the time such payments, damages, or costs are due.

SEC. 4283. CHARGES.

(a) IN GENERAL.—The President may reduce or waive the charge or charges that would otherwise be considered appropriate under section 4314 in connection with sales under sections 4311 and 4312 if—

(1) such sales are made as part of a cooperative project described in section 4281; and

(2) the other parties to the cooperative project agreement described in section 4281 agree to reduce or waive corresponding charges.

(b) ADMINISTRATIVE SURCHARGES; REIMBURSEMENT.—Notwithstanding sections 4314(a)(1) and

4402(b), administrative surcharges shall not be increased on other sales made under this title in order to compensate for reductions or waivers of such surcharges under this section. Funds received pursuant to such other sales shall not be available to reimburse the costs incurred by the United States Government for which reduction or waiver is approved by the President under this section.

SEC. 4284. CERTIFICATION.

Not less than 30 days before a cooperative project agreement described in section 4281 is signed on behalf of the United States, the President shall transmit to the appropriate congressional committees and the Committee on Armed Services of the House of Representatives and the Committee on Armed Services of the Senate, a numbered certification with respect to such proposed agreement, setting forth—

(1) a detailed description of the cooperative project with respect to which the certification is made;

(2) an estimate of the quantity of the defense articles expected to be produced in furtherance of such cooperative project;

(3) an estimate of the full cost of the cooperative project, with an estimate of the part of the full cost to be incurred by the United States Govern-

ment, including an estimate of the costs as a result of waivers of sections 4314(a)(1) and 4402(b), for its participation in such cooperative project and an estimate of that part of the full costs to be incurred by the other participants;

(4) an estimate of the dollar value of the funds to be contributed by the United States and each of the other participants on behalf of such cooperative project;

(5) a description of the defense articles and defense services expected to be contributed by the United States and each of the other participants on behalf of such cooperative project;

(6) a statement of the foreign policy and national security benefits anticipated to be derived from such cooperative project; and

(7) to the extent known, whether it is likely that prime contracts will be awarded to particular prime contractors or that subcontracts will be awarded to particular subcontractors to comply with the proposed agreement.

SEC. 4285. AUTHORITY IN ADDITION TO OTHER AUTHORITIES.

The authority under this chapter is in addition to the authority under sections 4311 and 4312 and under any other provision of law.

Subtitle C—Arms Sales and Related Assistance

SEC. 4301. CONTROL OF ARMS EXPORTS AND IMPORTS.

(a) IN GENERAL.—The President is authorized to control the import and the export of defense articles and defense services and to provide foreign policy guidance to persons of the United States involved in the export and import of such articles and services.

(b) COMPOSITION OF UNITED STATES MUNITIONS LIST.—

(1) IN GENERAL.—The President is authorized to designate those items that shall be considered as defense articles and defense services for the purposes of this section and to promulgate regulations for the import and export of such articles and services. The items so designated shall constitute the United States Munitions List.

(2) FACTORS.—The President shall designate a defense article or defense service if it—

(A) provides a critical military or intelligence advantage to the United States; or

(B) would provide a military or intelligence advantage to countries other than the United States or to non-state actors to the detriment of the national security of United States friends and allies, or to the achievement of the foreign policy and national security objectives of the United States.

(c) PURPOSES FOR WHICH UNITED STATES MILITARY SALES ARE AUTHORIZED.—Defense articles and defense services shall be sold or leased by the United States Government under this title to countries solely to meet the goals of assistance under section 4003.

(d) FACTORS.—Decisions on issuing export licenses under this section shall ensure that the export of a defense article or defense service—

(1) is justified in terms of its military utility related to the actual security threat by the recipient country; and

(2) will not—

(A) contribute to an arms race or regional instability;

(B) aid in the development of weapons of mass destruction;

(C) support domestic or international terrorism;

(D) increase the possibility of outbreak or escalation of conflict, either within or across the borders of the recipient country;

(E) prejudice the development of bilateral or multilateral arms control arrangements;

(F) adversely affect the arms control or nonproliferation policy of the United States;

(G) conflict with any international agreements, treaties or arrangements to which the United States is a party or adherent;

(H) support blackmarket or greymarket trade in arms, either those transferred or obsolete arms to be replaced by the arms sale; or

(I) undermine the objectives and purposes to promote and protect human rights and democracy under title III.

(e) SALE REQUIREMENT.—In exercising the authorities conferred by this section, the President may require that any defense article or defense service be sold under this title as a condition of its eligibility for export, and may require that persons engaged in the negotiation for the export of defense articles and defense services keep the President fully and currently informed of the progress and future prospects of such negotiations.

CHAPTER 1—FOREIGN MILITARY SALES AND COOPERATION

SEC. 4311. GENERAL AUTHORITY.

(a) SALES FROM DEFENSE ARTICLES AND DEFENSE SERVICES.—The President may sell defense articles and defense services from the stocks of the Department of Defense and the Coast Guard, or design and construction services, to a foreign country or international organization if the country or international organization agrees to pay in United States dollars—

(1) in the case of a defense article not intended to be replaced at the time such agreement is entered into, not less than the actual value thereof;

(2) in the case of a defense article intended to be replaced at the time such agreement is entered into, the estimated cost of replacement of such article, including the contract or production costs less any depreciation in the value of such article; or

(3) in the case of a defense service (other than training covered in subsection (b)), or design and construction services, the full cost to the United States Government of providing such service.

(b) TRAINING.—

(1) IN GENERAL.—In the case of training sold to a foreign country or international organization

that is concurrently receiving international military education and training assistance under this title, the country or international organization agrees to pay in United States dollars only those additional costs that are incurred by the United States Government in providing such assistance.

(2) OTHER COUNTRIES.—The President may provide training to a foreign country not receiving assistance under chapter 6 of subtitle B if the President determines and so notifies the appropriate congressional committees in each fiscal year for which such training is to be provided that providing such training to the country is in the national interest of the United States and the reasons for such determination.

SEC. 4312. PROCUREMENT FOR FOREIGN MILITARY CASH SALES.

(a) IN GENERAL.—

(1) CONTRACTS.—Except as otherwise provided in this section, the President may, without requirement for charge to any appropriation or contract authorization otherwise provided, enter into contracts for the procurement of defense articles or defense services or design and construction services for sale for United States dollars to any foreign country or

international organization if such country or international organization provides the United States Government with a dependable undertaking—

(A) to pay the full amount of such contract which will assure the United States Government against any loss on the contract; and

(B) to make funds available in such amounts and at such times as may be required to meet the payments required by the contract and any damages and costs that may accrue from the cancellation of such contract, in advance of the time such payments, damages, or costs are due.

(2) INTEREST.—Interest shall be charged on any net amount by which any such country or international organization is in arrears under all of its outstanding unliquidated dependable undertakings, considered collectively. The rate of interest charged shall be a rate not less than a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding short-term obligations of the United States as of the last day of the month preceding the net arrearage and shall be computed from the date of net arrearage.

(b) LETTERS OF OFFER.—

(1) IN GENERAL.—The President may, if the President determines it to be in the national interest of the United States, issue letters of offer under this section that provide for billing upon delivery of the defense article or rendering of the defense service and for payment within 120 days after the date of billing.

(2) REQUIREMENT.—The authority of paragraph (1) may be exercised only if the President determines that the emergency requirements of the purchaser for acquisition of such defense articles and defense services exceed the ready availability to the purchaser of funds sufficient to make payments on a dependable undertaking basis and submits both determinations to Congress together with a special emergency request for authorization and appropriation of additional funds to finance such purchases under this Act.

(3) APPROPRIATIONS.—Appropriations available to the Department of Defense may be used to meet the payments required by the contracts for the procurement of defense articles and defense services and shall be reimbursed by the amounts subse-

quently received from the country or international organization to whom articles or services are sold.

(c) RENEGOTIATION ACT OF 1951.—The provisions of the Renegotiation Act of 1951 do not apply to procurement contracts entered into under this section or predecessor provisions of law before, on, or after the date of the enactment of this Act.

(d) COMPETITIVE PRICING.—

(1) PROCUREMENT CONTRACTS.—Procurement contracts made in implementation of sales under this section for defense articles and defense services wholly paid for from funds made available on a non-repayable basis shall be priced on the same costing basis with regard to profit, overhead, independent research and development, bid and proposal, and other costing elements, as is applicable to procurements of like items purchased by the Department of Defense for its own use.

(2) DIRECT COSTS.—Direct costs associated with meeting additional or unique requirements of the purchaser shall be allowable under contracts described in paragraph (1). Loadings applicable to such direct costs shall be permitted at the same rates applicable to procurement of like items pur-

chased by the Department of Defense for its own use.

SEC. 4313. PAYMENTS.

(a) IN GENERAL.—Except as provided in subsection (b), payment for defense articles or defense services under this chapter shall be made in advance or, if the President determines it to be in the national interest of the United States, upon delivery of the defense article or rendering of the defense service.

(b) EXCEPTION.—If the President determines it to be in the national interest of the United States pursuant to subsection (a), billings for sales made under letters of offer issued under this section after the date of the enactment of this subsection may be dated and issued upon delivery of the defense article or rendering of the defense service and shall be due and payable upon receipt thereof by the purchasing country or international organization.

(c) INTEREST.—

(1) IN GENERAL.—Interest shall be charged on any net amount due and payable which is not paid within 60 days after the date of such billing. The rate of interest charged shall be a rate not less than a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding short-term obligations of the

United States as of the last day of the month preceding the billing and shall be computed from the date of billing.

(2) EXTENSION.—The President may extend such 60-day period to 120 days if the President determines that emergency requirements of the purchaser for acquisition of such defense articles or defense services exceed the ready availability to the purchaser of funds sufficient to pay the United States in full for such articles or services within such 60-day period and submits that determination to the Congress together with a special emergency request for the authorization and appropriation of additional funds to finance such purchases under this Act.

SEC. 4314. CHARGES.

(a) IN GENERAL.—Letters of offer for the sale of defense articles or defense services that are issued pursuant to section 4311 or 4312 shall include appropriate charges for—

(1) administrative services, calculated on an average percentage basis to recover the full estimated costs (excluding a pro rata share of fixed base operations costs) of administration of sales made under

this Act to all purchasers of such articles and services as specified in section 4402(b) and (c);

(2) a proportionate amount of any nonrecurring costs of research, development, and production of major defense equipment (except for equipment wholly paid for either from funds transferred under section 4211(b)(3) or from funds made available on a nonrepayable basis under section 4251; and

(3) the recovery of ordinary inventory losses associated with the sale from stock of defense articles that are being stored at the expense of the purchaser of such articles.

(b) WAIVER.—

(1) ADMINISTRATIVE CHARGES.—The President may waive the charges for administrative services that would otherwise be required by—

(A) subsection (a)(1) in connection with any sale to a foreign country, if the President determines that a waiver—

(i) is in the national security interests of the United States; and

(ii) will facilitate the ability of that country to detect, deter, prevent, defeat, or counter terrorist activities, or participate in, or support, military operations, coali-

tion operations, or stability operations of the United States; or

(B) subsection (a)(2) in connection with any sale to the Maintenance and Supply Agency of the North Atlantic Treaty Organization in support of—

(i) a weapon system partnership agreement; or

(ii) a NATO/SHAPE project.

(2) MAJOR DEFENSE EQUIPMENT.—The President may reduce or waive the charge or charges that would otherwise be considered appropriate under subsection (a)(2) for a particular sale or for sales if the President determines that—

(A) the reduction or waiver would significantly advance United States Government interests in standardization with the armed forces of a foreign country that is a strategic United States ally, or would promote foreign procurement in the United States under coproduction arrangements;

(B) imposition of the charge or charges likely would result in the loss of the sale; or

(C) in the case of a sale of major defense equipment that is also being procured for the

use of the United States Armed Forces, the waiver of the charge or charges would (through a resulting increase in the total quantity of the equipment purchased from the source of the equipment that causes a reduction in the unit cost of the equipment) result in a savings to the United States on the cost of the equipment procured for the use of the United States Armed Forces that substantially offsets the revenue foregone by reason of the waiver of the charge or charges.

(3) INCREASE IN CHARGES.—The President may waive, for particular sales of major defense equipment, any increase in a charge or charges previously considered appropriate under paragraph (2) of subsection (a) if the increase results from a correction of an estimate (reasonable when made) of the production quantity base that was used for calculating the charge or charges for purposes of such paragraph.

SEC. 4315. NON-COMBAT DUTIES OF UNITED STATES PERSONNEL SUPPORTING FOREIGN MILITARY SALES.

(a) IN GENERAL.—United States personnel performing defense services sold under this title may not per-

form any duties of a combatant nature, including any duties related to training and advising that may engage United States personnel in combat activities, outside the United States in connection with the performance of those defense services.

(b) REPORT.—Within 48 hours of the existence of, or a change in status of significant hostilities or terrorist acts or a series of such acts, that may endanger lives or property of United States personnel, involving a country in which United States personnel are performing defense services pursuant to this title, the President shall submit to the Speaker of the House of Representatives and to the President pro tempore of the Senate a report, in writing, classified if necessary, setting forth—

(1) the identity of such country;

(2) a description of such hostilities or terrorist acts; and

(3) the number of members of the United States Armed Forces and the number of United States civilian personnel that may be endangered by such hostilities or terrorist acts.

SEC. 4316. PUBLIC INFORMATION.

Any contract entered into between the United States and a foreign country under the authority of section 4311 or section 4312 shall be prepared in a manner that will

permit the contract to be made available for public inspection to the fullest extent possible consistent with the national security of the United States. Such information shall be posted on the Internet website of the Department of State in a timely fashion.

SEC. 4317. STANDARDIZATION AGREEMENTS.

(a) IN GENERAL.—The President may enter into North Atlantic Treaty Organization standardization agreements in carrying out section 814 of the Department of Defense Appropriation Authorization Act, 1976 (Public Law 94–106), and may enter into similar agreements with a country that is a strategic United States ally, for the cooperative furnishing of training on a bilateral or multilateral basis, if the financial principles of such agreements are based on reciprocity.

(b) REIMBURSEMENT.—Each agreement shall include reimbursement for all direct costs but may exclude reimbursement for indirect costs, administrative surcharges, and costs of billeting of trainees (except to the extent that members of the United States Armed Forces occupying comparable accommodations are charged for such accommodations by the United States).

(c) CONGRESSIONAL NOTIFICATION.—Each agreement shall be transmitted promptly to—

(1) the appropriate congressional committees; and

(2) the Committees on Appropriations and the Committees on Armed Services of the House of Representatives and the Senate.

SEC. 4318. QUALITY ASSURANCE AND RELATED SERVICES.

(a) IN GENERAL.—The President is authorized to provide, without charge, quality assurance, inspection, contract administration services, and contract audit defense services under this chapter—

(1) in connection with the placement or administration of any contract or subcontract for defense articles, defense services, or design and construction services entered into under this Act on behalf of, a government that is a strategic United States ally, if such government provides such services in accordance with an agreement on a reciprocal basis, without charge, to the United States Government; or

(2) in connection with the placement or administration of any contract or subcontract for defense articles, defense services, or design and construction services pursuant to the North Atlantic Treaty Organization's Security Investment program in accordance with an agreement under which the foreign governments participating in such program provide

such services, without charge, in connection with similar contracts or subcontracts.

(b) CATALOGING DATA AND CATALOGING SERVICES.—In carrying out the objectives of this section, the President is authorized to provide, without charge, cataloging data and cataloging services to the North Atlantic Treaty Organization or to any strategic United States ally if that Organization or ally provides such data and services in accordance with an agreement on a reciprocal basis, without charge, to the United States Government.

SEC. 4319. RESTRICTION ON SALE OF DEFENSE ARTICLES AND DEFENSE SERVICES THAT WOULD ADVERSELY AFFECT UNITED STATES COMBAT READINESS.

(a) RESTRICTION.—The President may not sell defense articles and defense services if the sale of such articles or services would have significant adverse effect on the combat readiness of the United States Armed Forces.

(b) WAIVER AND CONGRESSIONAL NOTIFICATION.—

(1) IN GENERAL.—The President may waive the restriction in subsection (a) if the President determines that the possible significant adverse effect on the combat readiness of the United States Armed Forces is outweighed by the benefits to United States national security and transmits such deter-

mination to the appropriate congressional committees and to the Committees on Armed Services of the House of the Representatives and the Senate.

(2) STATEMENT.—Each such determination shall be accompanied with a statement that shall include the following information:

(A) The country or international organization to which the sale is proposed to be made.

(B) The amount of the proposed sale.

(C) A description of the defense article or service proposed to be sold.

(D) A full description of the impact which the proposed sale will have on the United States Armed Forces.

(E) A justification for such proposed sale, including an explanation as to why, in the President's judgment, benefits to United States national security from the sale outweighs the adverse impact on the readiness of the United States Armed Forces.

SEC. 4320. ACQUISITION OF FOREIGN-UNITED STATES ORIGIN DEFENSE ARTICLES.

(a) IN GENERAL.—The President may acquire a repairable defense article from a foreign country or international organization if such defense article—

(1) previously was transferred to such country or organization under this Act or predecessor Act (as in effect on the day before the date of the enactment of this Act);

(2) is not an end item; and

(3) will be exchanged for a defense article of the same type that is in the stocks of the Department of Defense.

(b) LIMITATION.—The President may exercise the authority provided in subsection (a) only to the extent that the Department of Defense—

(1)(A) has a requirement for the defense article being returned; and

(B) has available sufficient funds authorized and appropriated for such purpose; or

(2)(A) is accepting the return of the defense article for subsequent transfer to another foreign government or international organization pursuant to a letter of offer and acceptance implemented in accordance with this Act or predecessor Act (as in effect on the day before the date of the enactment of this Act); and

(B) has available sufficient funds provided by or on behalf of such other foreign government or international organization pursuant to a letter of

offer and acceptance implemented in accordance with this Act or predecessor Act (as in effect on the day before the date of the enactment of this Act).

(c) REQUIREMENT.—

(1) IN GENERAL.—The foreign government or international organization receiving a new or repaired defense article in exchange for a repairable defense article pursuant to subsection (a) shall, upon the acceptance by the United States Government of the repairable defense article being returned, be charged the total cost associated with the repair and replacement transaction.

(2) COST.—The total cost charged pursuant to paragraph (1) shall be the same as that charged the United States Armed Forces for a similar repair and replacement transaction, plus an administrative surcharge in accordance with section 4314(a)(1).

(d) RELATIONSHIP TO CERTAIN OTHER PROVISIONS OF LAW.—The authority of the President to accept the return of a repairable defense article as provided in subsection (a) shall not be subject to chapter 137 of title 10, United States Code, or any other provision of law relating to the conclusion of contracts.

SEC. 4321. RETURN OF DEFENSE ARTICLES.

(a) IN GENERAL.—The President may accept the return of a defense article from a foreign country or international organization if such defense article—

(1) previously was transferred to such country or organization under this Act or predecessor Act (as in effect on the day before the date of the enactment of this Act);

(2) is not significant military equipment (as defined in section 4411); and

(3) is in fully functioning condition without need of repair or rehabilitation.

(b) LIMITATION.—The President may exercise the authority provided in subsection (a) only to the extent that the Department of Defense—

(1)(A) has a requirement for the defense article being returned; and

(B) has available sufficient funds authorized and appropriated for such purpose; or

(2)(A) is accepting the return of the defense article for subsequent transfer to another foreign government or international organization pursuant to a letter of offer and acceptance implemented in accordance with this Act or predecessor Act (as in effect on the day before the date of the enactment of this Act); and

(B) has available sufficient funds provided by or on behalf of such other foreign government or international organization pursuant to a letter of offer and acceptance implemented in accordance with this Act or predecessor Act (as in effect on the day before the date of the enactment of this Act).

(c) CREDIT FOR TRANSACTION.—Upon acquisition and acceptance by the United States Government of a defense article under subsection (a), the appropriate Foreign Military Sales account of the provider shall be credited to reflect the transaction.

(d) RELATIONSHIP TO CERTAIN OTHER PROVISIONS OF LAW.—The authority of the President to accept the return of a defense article as provided in subsection (a) shall not be subject to chapter 137 of title 10, United States Code, or any other provision of law relating to the conclusion of contracts.

SEC. 4322. SALE OF OBSOLETE NAVAL VESSELS.

For purposes of section 4311(a), the actual value of a naval vessel of 3,000 tons or less and 20 years or more of age shall be considered to be not less than the greater of the scrap value or fair value (including conversion costs) of such vessel, as determined by the Secretary of Defense.

SEC. 4323. ANNUAL ESTIMATE AND JUSTIFICATION FOR SALES PROGRAM.

(a) REPORT.—Except as provided in subsection (d), not later than February 1 of each year, the President shall transmit to the appropriate congressional committees, as a part of the annual presentation materials for security assistance programs proposed for the next fiscal year, a report which sets forth—

(1) an Arms Sales Proposal covering all sales and licensed commercial exports under this title of major weapons or weapons-related defense equipment for $7,000,000 or more, or of any other weapons or weapons-related defense equipment for $25,000,000 or more, which are considered eligible for approval during the current calendar year and are deemed most likely actually to result in the issuance of a letter of offer or of an export license during such year;

(2) an estimate of the total amount of sales and licensed commercial exports expected to be made to each foreign country from the United States;

(3) the United States national security considerations involved in expected sales or licensed commercial exports to each country, an analysis of the relationship between anticipated sales to each country and arms control efforts concerning such country

and an analysis of the impact of such anticipated sales on the stability of the region that includes such country;

(4) an estimate with regard to the international volume of arms traffic to and from countries purchasing arms as set forth in paragraphs (1) and (2), together with best estimates of the sale and delivery of weapons and weapons-related defense equipment by all major arms suppliers to all major recipient countries during the preceding calendar year;

(5)(A) an estimate of the aggregate dollar value and quantity of defense articles and defense services, military education and training, grant military assistance, and credits and guarantees, to be furnished by the United States to each foreign country and international organization in the next fiscal year; and

(B) for each country that is proposed to be furnished credits or guaranties under this Act in the next fiscal year and that has been approved for cash flow financing in excess of $100,000,000 as of October 1 of the current fiscal year—

(i) the amount of such approved cash flow financing;

(ii) a description of administrative ceilings and controls applied, and

(iii) a description of the financial resources otherwise available to such country to pay such approved cash flow financing;

(6) an analysis and description of the services performed during the preceding fiscal year by officers and employees of the United States Government carrying out functions on a full-time basis under this Act for which reimbursement is provided under section 4402(b) or section 4311(a), including the number of personnel involved in performing such services;

(7) the status of—

(A) each loan and each contract of guaranty or insurance theretofore made under this title, predecessor Acts, or any Act authorizing international security assistance, with respect to which there remains outstanding any unpaid obligation or potential liability; and

(B) each extension of credit for the procurement of defense articles or defense services, and of each contract of guaranty in connection with any such procurement, theretofore made under this title or predecessor Acts with respect

to which there remains outstanding any unpaid obligation or potential liability;

(8)(A) a detailed accounting of all articles, services, credits, guarantees, or any other form of assistance furnished by the United States to each country and international organization, including payments to the United Nations, during the preceding fiscal year for the detection and clearance of landmines, including activities relating to the furnishing of education, training, and technical assistance for the detection and clearance of landmines; and

(B) for each provision of law making funds available or authorizing appropriations for demining activities described in subparagraph (A), an analysis and description of the objectives and activities undertaken during the preceding fiscal year, including the number of personnel involved in performing such activities;

(9) a list of weapons systems that are significant military equipment, and numbers thereof, that are believed likely to become available for transfer as excess defense articles during the next 12 months; and

(10) such other information as the President may deem necessary.

(b) ADDITIONAL INFORMATION.—Not later than 30 days following the receipt of a request made by any of the appropriate congressional committees for additional information with respect to any information submitted pursuant to subsection (a), the President shall submit such information to such committees.

(c) FORM.—The President shall make every effort to submit all of the information required by subsection (a) or (b) wholly in unclassified form. Whenever the President submits any such information in classified form, the President shall submit such classified information in an addendum and shall also submit simultaneously a detailed summary, in unclassified form, of such classified information.

(d) ADDITIONAL REQUIREMENT.—The information required by subsection (a)(4) of this section shall be transmitted to Congress not later than April 1 of each year.

SEC. 4324. SALES TO UNITED STATES COMPANIES FOR INCORPORATION INTO END ITEMS.

(a) GENERAL AUTHORITY.—

(1) IN GENERAL.—Subject to the conditions specified in subsection (b), the President may, on a negotiated contract basis, under cash terms—

(A) sell defense articles at not less than their estimated replacement cost (or actual cost in the case of services); or

(B) procure or manufacture and sell defense articles at not less than their contract or manufacturing cost to the United States Government, to any United States company for incorporation into end items (and for concurrent or follow-on support) to be sold by such a company either—

(i) on a direct commercial basis to a foreign country or international organization pursuant to an export license or approval under section 4301; or

(ii) in the case of ammunition parts subject to subsection (b), using commercial practices which restrict actual delivery directly to a foreign country or international organization pursuant to approval under section 4301.

(2) ADDITIONAL AUTHORITY.—The President may also sell defense services in support of such sales of defense articles, subject to the requirements of this chapter. Such services may be performed only in the United States. The amount of reimbursement received from such sales shall be credited to the current applicable appropriation, fund, or account of the selling agency of the United States Government.

(b) ADDITIONAL REQUIREMENTS.—Defense articles and defense services may be sold, procured and sold, or manufactured and sold, pursuant to subsection (a) only if—

(1) the end item to which the articles apply is to be procured for the armed forces of a country or international organization;

(2) the articles would be supplied to the prime contractor as government-furnished equipment or materials if the end item were being procured for the use of the United States Armed Forces; and

(3) the articles and services are available only from United States Government sources or are not available to the prime contractor directly from United States commercial sources at such times as may be required to meet the prime contractor's delivery schedule.

SEC. 4325. FISCAL PROVISIONS RELATING TO FOREIGN MILITARY SALES CREDITS.

(a) IN GENERAL.—Cash payments received under sections 4311 and funds received under section 4324 shall be available solely for payments to suppliers (including the military departments) and refunds to purchasers and shall not be available for financing credits.

(b) REPAYMENTS FOR CREDITS, DISPOSITION OF CERTAIN INSTRUMENTS, AND OTHER COLLECTIONS.—Amounts received from foreign governments and international organizations as repayments for any credits extended pursuant to section 4251, and other collections (including fees and interest) shall be transferred to the miscellaneous receipts of the United States Treasury.

CHAPTER 2—ARMS EXPORT CONTROLS

SEC. 4331. LICENSING REQUIREMENT FOR EXPORTING OR IMPORTING DEFENSE ARTICLES AND DEFENSE SERVICES.

(a) IN GENERAL.—Except as otherwise specifically provided in regulations issued under section 4301, defense articles, defense services, and design and construction services designated by the President under section 4301 may only be licensed for export or import in accordance with this title and regulations issued under this title.

(b) EXCEPTIONS.—No license may be required for exports or imports made by or for a Federal agency—

(1) for official use by personnel of a Federal agency; or

(2) for carrying out any foreign assistance or sales program authorized by law and subject to the control of the President by other means.

SEC. 4332. IMPACT OF MILITARY EXPENDITURES ON DEVELOPMENT.

(a) REVIEW.—The Secretary shall conduct a review of the military expenditures of developing countries to—

(1) identify those countries which the Secretary has credible evidence to believe—

(A) are diverting official development assistance from any source to military purposes;

(B) are devoting budgetary resources to arms purchases to a degree that materially interferes with the development of such countries; or

(C) are accumulating unsustainable levels of debt to finance arms purchases;

(2) take such action as the Secretary deems appropriate, including cessation of United States arms sales and working with other countries to do likewise, to reduce the impact of the military activities of the countries identified under paragraph (1) and acquisition of arms on the economic and political development of such countries.

(b) TIMING OF REVIEW AND REPORT TO CONGRESS.—The Secretary shall complete the first review required under subsection (a) and submit to the appropriate congressional committees not later than one year after the enactment of this Act a report on all elements of sub-

section (a), including the actions the Secretary will take under subsection (a)(2), and the results of any such actions taken since the submission of the prior report to such committees. Subsequent reviews shall be conducted on a quadrennial basis, and reported to the appropriate congressional committees on the quadrennial anniversary of the first report.

SEC. 4333. REQUIREMENT FOR REGISTRATION BY EXPORTERS.

(a) IN GENERAL.—As prescribed in regulations issued under section 4301, every person (other than an officer or employee of the United States Government acting in an official capacity) who engages in the business of manufacturing, exporting, or importing defense articles or defense services designated by the President under section 4301 shall register with the Department of State, and shall pay a registration fee which shall be prescribed by such regulations.

(b) PROHIBITION.—

(1) IN GENERAL.—Such regulations shall prohibit the return to the United States for sale in the United States (other than for the United States Armed Forces or its allies or for any State for local law enforcement agency) of any military firearms or ammunition of United States manufacture furnished

to foreign governments by the United States under this Act, or predecessor Act, or any other foreign assistance or sales program of the United States, whether or not enhanced in value or improved in condition in a foreign country.

(2) EXCEPTION.—The prohibition in paragraph (1) shall not extend to similar firearms that have been so substantially transformed as to become, in effect, articles of foreign manufacture.

SEC. 4334. IDENTIFICATION OF ALL CONSIGNEES AND FREIGHT FORWARDERS.

The President shall require that each applicant for a license to export an item on the United States Munitions List identify in the application all consignees and freight forwarders involved in the proposed export.

SEC. 4335. BROKERING ACTIVITIES.

(a) IN GENERAL.—As prescribed in regulations issued under this section, every person (other than an officer or employee of the United States Government acting in an official capacity) who engages in the business of brokering activities with respect to the manufacture, export, import, or transfer of any defense article or defense service designated by the President under section 4301, or in the business of brokering activities with respect to the manufacture, export, import, or transfer of any foreign

1 defense article or defense service (as defined in subsection
2 (c)), shall register with the United States Government
3 agency charged with the administration of this section,
4 and shall pay a registration fee which shall be prescribed
5 by such regulations.

6 (b) BROKERING ACTIVITIES DESCRIBED.—Such
7 brokering activities shall include the financing, transpor-
8 tation, freight forwarding, or taking of any other action
9 that facilitates the sale, manufacture, export, or import
10 of a defense article or defense service.

11 (c) LICENSING REQUIREMENT.—No person may en-
12 gage in the business of brokering activities described in
13 subsection (a) without a license, issued in accordance with
14 this title, except that no license shall be required for such
15 activities undertaken by or for a Federal agency—

16 (1) for use by a Federal agency; or

17 (2) for carrying out any foreign assistance or
18 sales program authorized by law and subject to the
19 control of the President by other means.

20 (d) REVIEW OF REGISTRATION.—A copy of each reg-
21 istration made under this section shall be transmitted to
22 the Secretary of the Treasury for review regarding law en-
23 forcement concerns. The Secretary shall report to the
24 President regarding such concerns as necessary.

SEC. 4336. FOREIGN PERSONS.

(a) IN GENERAL.—A license to export an item on the United States Munitions List may not be issued to a foreign person (other than a foreign government or international organization).

(b) LICENSE REQUIREMENT.—The President may require a license or other form of authorization before any item on the United States Munitions List is sold or otherwise transferred to the control or possession of a foreign person or a person acting on behalf of a foreign person.

SEC. 4337. REVIEW OF UNITED STATES MUNITIONS LIST.

(a) IN GENERAL.—The President shall periodically review the items on the United States Munitions List to determine what items, if any, no longer warrant export controls under this title. The results of such reviews shall be reported to the appropriate congressional committees.

(b) CONGRESSIONAL NOTIFICATION AND REVIEW.—The President may not remove any item from the United States Munitions List until 45 days after the date on which the President has provided notice of the proposed removal to the appropriate congressional committees in accordance with the procedures applicable to reprogramming notifications under section 9401, consistent with subsection (c) of this section. Such notice shall describe the nature of any controls to be imposed on that item under any other provision of law, and should provide a descrip-

tion of the item to be removed such that the appropriate congressional committees can fully assess the capabilities of the item and the potential impact on United States national security and foreign policy from its removal from the Munitions List. If the President proposes to remove classes or categories of items from the United States Munitions List, without enumerating individual items, then the President shall provide the appropriate congressional committees with a listing of items approved for export during the previous five years that would no longer be required for licenses under this title by virtue of being removed from the Munitions List.

(c) CONGRESSIONAL DISAPPROVAL.—The President may not remove any item from the United States Munitions List if, during the 45 days required under subsection (b), Congress enacts a joint resolution of disapproval of the removal of such item, according to the procedures under section 4384(c) for consideration of a joint resolution.

SEC. 4338. LICENSING OF MISSILES AND MISSILE EQUIPMENT OR TECHNOLOGY.

(a) ESTABLISHMENT OF LIST OF CONTROLLED ITEMS.—The Secretary, in consultation with the Secretary of Defense and the heads of other appropriate Federal agencies, shall establish and maintain, as part of the

United States Munitions List, a list of all items on the MTCR Annex the export of which is not controlled under section 6(l) of the Export Administration Act of 1979 (as continued in effect under the International Emergency Economic Powers Act) or similar provisions of any successor Act.

(b) REFERRAL OF LICENSE APPLICATIONS.—

(1) IN GENERAL.—A determination of the Secretary to approve a license for the export of an item on the list established under subsection (a) may be made only after the license application is referred to the Secretary of Defense.

(2) REFERRAL.—Within 10 days after a license is issued for the export of an item on the list established under subsection (a), the Secretary shall provide to the Secretary of Defense and the Secretary of Commerce the license application and accompanying documents issued to the applicant, to the extent that the relevant Secretary indicates the need to receive such application and documents.

(c) INFORMATION SHARING.—The Secretary shall establish a procedure for sharing information with appropriate officials of the intelligence community, as determined by the Director of National Intelligence, and with other appropriate Federal agencies, that will ensure effec-

tive monitoring of transfers of MTCR equipment or technology and other missile technology.

(d) EXPORTS TO SPACE LAUNCH VEHICLE PROGRAMS.—

(1) IN GENERAL.—Within 15 days after the issuance of a license (including any brokering license) for the export of items valued at less than $50,000,000 that are controlled under this Act pursuant to United States obligations under the MTCR and are goods or services that are intended to support the design, utilization, development, or production of a space launch vehicle system listed in Category I of the MTCR Annex, the Secretary shall transmit to Congress a report describing the licensed export and rationale for approving such export, including the consistency of such export with United States missile nonproliferation policy.

(2) APPLICABILITY.—The requirement contained in paragraph (1) shall not apply to licenses for exports to countries that are members of the MTCR as of as of the date of the enactment of this Act.

SEC. 4339. SPECIAL LICENSING AUTHORIZATION FOR CERTAIN EXPORTS TO STRATEGIC UNITED STATES ALLIES.

(a) AUTHORIZATION.—The President may provide for special licensing authorization for exports of United States-manufactured spare and replacement parts or components listed in an application for such special licensing authorization in connection with defense items previously exported to a strategic United States ally. A special licensing authorization issued pursuant to this subsection shall be effective for a period not to exceed 5 years.

(b) CERTIFICATION.—An authorization may be issued under subsection (a) only if the applicable government of the country described in subsection (a), acting through the applicant for the authorization, certifies that—

(1) the export of spare and replacement parts or components supports a defense item previously lawfully exported;

(2) the spare and replacement parts or components will be transferred to a defense agency of the country that is a previously approved end-user of the defense item and not to a distributor or a foreign consignee of the defense item;

(3) the spare and replacement parts or components will not to be used to materially enhance, opti-

mize, or otherwise modify or upgrade the capability of the defense item;

(4) the spare and replacement parts or components relate to a defense item that is owned, operated, and in the inventory of the armed forces of the country;

(5) the export of spare and replacement parts or components will be effected using the freight forwarder designated by the purchasing country's diplomatic mission as responsible for handling transfers as required under regulations; and

(6) the spare and replacement parts or components to be exported under the special licensing authorization are specifically identified in the application.

(c) LIMITATION.—An authorization may not be issued under subsection (a) for purposes of establishing offshore procurement arrangements or producing defense articles offshore.

(d) DEFINITION.—

(1) IN GENERAL.—In this section, the term ''United States-manufactured spare and replacement parts or components'' or ''spare and replacement parts or components'' means spare and replacement parts or components—

(A) with respect to which—

(i) United States-origin content costs constitute at least 85 percent of the total content costs;

(ii) United States manufacturing costs constitute at least 85 percent of the total manufacturing costs; and

(iii) foreign content, if any, is limited to content from countries eligible to receive exports of items on the United States Munitions List (other than de minimis foreign content);

(B) that were last substantially transformed in the United States; and

(C) that are not—

(i) classified as significant military equipment; or

(ii) listed on the MTCR Annex.

(2) ADDITIONAL RULE.—For purposes of paragraph (1)(A)(i) and (ii), the costs of non-United States-origin content and the costs of non-United States manufacturing shall be determined using the final price or final cost associated with the non-United States-origin content and non-United States manufacturing.

(e) INAPPLICABILITY PROVISIONS.—

(1) IN GENERAL.—The provisions of this section shall not apply with respect to re-exports or retransfers of spare and replacement parts or components and related services of defense items described in subsection (a).

(2) CONGRESSIONAL NOTIFICATION.—The congressional notification requirements contained in this title shall not apply with respect to an authorization issued under subsection (a).

CHAPTER 3—LEASES OF DEFENSE ARTICLES

SEC. 4351. LEASING AUTHORITY.

(a) IN GENERAL.—The President may lease defense articles in the stocks of the Department of Defense to a foreign country or international organization if—

(1) the President determines that there are compelling foreign policy and national security reasons for providing such articles on a lease basis rather than on a sales basis under this subtitle;

(2) the President determines that the articles are not for the time needed for public use;

(3) the President first considers the effects of the lease of the articles on the national technology and industrial base, particularly the extent, if any,

to which the lease reduces the opportunities of entities in the national technology and industrial base to sell new equipment to the country or countries to which the articles are leased; and

(4) the country or international organization has agreed to pay in United States dollars all costs incurred by the United States Government in leasing such articles, including reimbursement for depreciation of such articles while leased, the costs of restoration or replacement if the articles are damaged while leased, and, if the articles are lost or destroyed while leased—

(A) in the event the United States intends to replace the articles lost or destroyed, the replacement cost (less any depreciation in the value) of the articles; or

(B) in the event the United States does not intend to replace the articles lost or destroyed, an amount not less than the actual value (less any depreciation in the value) specified in the lease agreement.

(b) EXCEPTIONS.—

(1) IN GENERAL.—The requirement of subsection (a)(4) shall not apply to leases entered into for purposes of cooperative research or development,

military exercises, or communications or electronics interface projects.

(2) WAIVERS.—The President may waive the requirement of subsection (a)(4)—

(A) for reimbursement of depreciation for any defense article which has passed three-quarters of its normal service life if the President determines that to do so is important to the national security interest of the United States;

(B) with respect to a lease which is made in exchange with the lessee for a lease on substantially reciprocal terms of defense articles for the Department of Defense, except that this waiver authority—

(i) may be exercised only if the President submits to the appropriate congressional committees, and in addition the Committees on Appropriations of the House of Representatives and the Senate, a detailed notification for each lease with respect to which the authority is exercised; and

(ii) may be exercised only—

(I) on a fiscal year basis; and

(II) with respect to one country or international organization for each lease.

(3) RULE OF CONSTRUCTION.—Paragraph (2) does not constitute authorization of appropriations for payments by the United States for leased articles.

(c) DURATION.—

(1) IN GENERAL.—Each lease agreement under this section shall be for a fixed duration which may not exceed—

(A) 5 years; and

(B) a specified period of time required to complete major refurbishment work of the leased articles to be performed prior to the delivery of the leased articles, of not to exceed 5 years.

(2) TERMINATION.—Each lease agreement under this section shall provide that, at any time during the duration of the lease, the President may terminate the lease and require the immediate return of the leased articles.

(3) DEFINITION.—In this subsection, the term ''major refurbishment work'' means work for which the period of performance is 6 months or more.

(d) LIMITATION.—Defense articles in the stocks of the Department of Defense may be leased or loaned to a foreign country or international organization only under the authority of this chapter or chapter 3 of subtitle B, and may not be leased to a foreign country or international organization under the authority of section 2667 of title 10, United States Code.

SEC. 4352. CERTIFICATION FOR LEASING.

(a) IN GENERAL.—Before entering into or renewing any agreement with a foreign country or international organization to lease any defense article under this chapter, or to loan any defense article this title for a period of 1 year or longer, the President shall transmit to the appropriate congressional committees and the Committees on Armed Services of the House of Representatives and the Senate, a written certification which specifies—

(1) the country or international organization to which the article is to be leased or loaned;

(2) the type, quantity, and value (in terms of replacement cost) of the article to be leased or loaned;

(3) the terms and duration of the lease or loan; and

(4) a justification for the lease or loan, including an explanation of why the article is being leased rather than sold under this subtitle.

(b) WAIVER.—

(1) IN GENERAL.—The President may waive the requirements of this section (and in the case of an agreement described in section 4353, may waive the provisions of that section) if the President states in the certification required by subsection (a) that an emergency exists which requires that it is in the national security interests of the United States to enter into the lease or loan immediately.

(2) JUSTIFICATION.—If the President states in the certification that such an emergency exists, the President shall set forth in the certification a detailed justification for the President's determination, including a description of the emergency circumstances that necessitate that the lease be entered into immediately and a discussion of the national security interests involved.

(c) DEADLINE.—The certification required by subsection (a) shall be transmitted—

(1) not less than 15 calendar days before the agreement is entered into or renewed in the case of an agreement with a strategic United States ally; or

(2) not less than 30 calendar days before the agreement is entered into or renewed in the case of an agreement with any other country or organization.

SEC. 4353. CONGRESSIONAL REVIEW AND DISAPPROVAL.

(a) CONGRESSIONAL REVIEW AND DISAPPROVAL.—

(1) IN GENERAL.—Subject to paragraph (2), in the case of any agreement involving the lease or loan under this title, to any foreign country or international organization for a period of 1 year or longer of any defense articles that are either—

(A) major defense equipment valued (in terms of its replacement cost less any depreciation in its value) at $14,000,000 or more, or

(B) defense articles valued (in terms of their replacement cost less any depreciation in their value) at $50,000,000 or more,

the agreement may not be entered into or renewed if Congress, within the 15-day or 30-day period specified in section 4384(a)(1) or (2), as the case may be, enacts a joint resolution prohibiting the proposed lease or loan.

(2) CERTAIN AGREEMENTS.—In the case of an agreement described in paragraph (1) that is entered into with a strategic United States ally, the

limitations in paragraph (1) shall apply only if the agreement involves a lease or loan of—

(A) major defense equipment valued (in terms of its replacement cost less any depreciation in its value) at $25,000,000 or more; or

(B) defense articles valued (in terms of their replacement cost less any depreciation in their value) at $100,000,000 or more.

(b) SENATE PROCEDURES.—Any joint resolution under subsection (a) shall be considered in the Senate in accordance with the provisions of section 601(b) of the International Security Assistance and Arms Export Control Act of 1976.

(c) HOUSE PROCEDURES.—For the purpose of expediting the consideration and enactment of joint resolutions under subsection (a), a motion to proceed to the consideration of any such resolution after it has been reported by the appropriate committee shall be treated as highly privileged in the House of Representatives.

SEC. 4354. APPLICATION OF OTHER PROVISIONS OF LAW.

Any reference to sales of defense articles under this subtitle in any provision of law restricting the countries or organizations to which such sales may be made shall be deemed to include a reference to leases of defense articles under this chapter.

SEC. 4355. LOAN OF MATERIALS, SUPPLIES, AND EQUIPMENT FOR RESEARCH AND DEVELOPMENT PURPOSES.

(a) AUTHORITY TO LOAN.—

(1) IN GENERAL.—Except as provided in subsection (c), the Secretary of Defense, with the concurrence of the Secretary, may loan to a country that is a strategic United States ally or a major United States ally materials, supplies, or equipment for the purpose of carrying out a program of cooperative research, development, testing, or evaluation. The Secretary of Defense may accept as a loan or a gift from a country that is a strategic United States ally or a major United States ally materials, supplies, or equipment for such purpose.

(2) AGREEMENT.—Each loan or gift transaction entered into by the Secretary of Defense under this section shall be provided for under the terms of a written agreement between the Secretary of Defense and the country concerned.

(3) TESTING OR EVALUATION.—A program of testing or evaluation for which the Secretary of Defense may loan materials, supplies, or equipment under this section includes a program of testing or evaluation conducted solely for the purpose of standardization, interchangeability, or technical evaluation

if the country to which the materials, supplies, or equipment are loaned agrees to provide the results of the testing or evaluation to the United States without charge.

(b) MATERIALS, SUPPLIES, OR EQUIPMENT.—The materials, supplies, or equipment loaned to a country under this section may be expended or otherwise consumed in connection with any testing or evaluation program without a requirement for reimbursement of the United States if the Secretary of Defense—

(1) determines that the success of the research, development, test, or evaluation depends upon expending or otherwise consuming the materials, supplies, or equipment loaned to the country; and

(2) approves of the expenditure or consumption of such materials, supplies, or equipment.

(c) STRATEGIC AND CRITICAL MATERIALS.—The Secretary of Defense may not loan to a country under this section any material if the material is a strategic and critical material and if, at the time the loan is to be made, the quantity of the material in the National Defense Stockpile (provided for under section 3 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98b)) is less than the quantity of such material to be stockpiled,

as determined by the President under section 3(a) of such Act.

SEC. 4356. SPECIAL LEASING AUTHORITY.

The authority of section 4251 may be used to provide financing to Israel and Egypt for the procurement by leasing (including leasing with an option to purchase) of defense articles from United States commercial suppliers, other than major defense equipment (other than helicopters and other types of aircraft having possible civilian application), if the President determines that there are compelling foreign policy or national security reasons for the articles to be provided by commercial lease rather than by government-to-government sale under this subtitle.

CHAPTER 4—RETRANSFERS OF UNITED STATES DEFENSE ARTICLES

SEC. 4361. AUTHORITY TO APPROVE RETRANSFERS.

(a) IN GENERAL.—Subject to subsection (b), the Secretary is authorized, consistent with the provisions of this chapter, to approve a retransfer of any defense article or defense service transferred to a foreign country pursuant to the authority of this Act to another country.

(b) ADDITIONAL REQUIREMENT.—The Secretary may not give consent to a retransfer of a defense article or defense service to a foreign country under subsection (a) if the United States is prohibited from transferring

the defense article or defense service to the country, or would not license the export of such defense article or defense service to such country.

SEC. 4362. DEMILITARIZATION FOR RETRANSFER OF SIGNIFICANT DEFENSE ARTICLES.

The Secretary may not give consent to the retransfer of any significant defense articles on the United States Munitions List or successor list for controlling the export of United States munitions and related items, unless the foreign country requesting consent to retransfer—

(1) agrees to demilitarize the defense articles prior to transfer; or

(2) commits in writing to the United States Government that it will not transfer the defense articles if not demilitarized to any other foreign country or person without first obtaining the consent of the Secretary.

SEC. 4363. PROCEEDS OF SALE OF RETRANSFERRED DEFENSE ARTICLES.

The Secretary may not provide any defense article to a foreign country or international organization on a grant basis unless the country or organization has agreed that in disposing or transferring the defense article—

(1) the disposition or transfer will be made on a sales basis; and

(2) the net proceeds of the sale will be provided to the United States Government.

SEC. 4364. CERTIFICATION.

(a) IN GENERAL.—The Secretary may not give consent to a retransfer of a defense article or defense service that would be, if it were a sale, subject to the requirements of section 4382 (regarding congressional certification of sensitive foreign military sales and agreements), unless the Secretary submits to the appropriate congressional committees a written certification with respect to such proposed retransfer containing—

(1) the name of the country or organization proposing to make such retransfer;

(2) a description of such article or service proposed to be retransferred, including its acquisition cost;

(3) the name of the proposed recipient of such article or service;

(4) the reasons for such proposed retransfer; and

(5) the date on which such retransfer is proposed to be made.

(b) FORM.—Any certification submitted to the appropriate congressional committees pursuant to paragraph (1)—

(1) shall be submitted in unclassified form, except that information regarding the dollar value and number of defense articles or defense services proposed to be retransferred may be submitted in classified form if public disclosure thereof would be clearly detrimental to the security of the United States; and

(2) shall be subject to the requirements of sections 4384.

(c) EXCEPTION.—Paragraph (1) shall not apply to an export that has been exempted from the licensing requirements of this title pursuant to an agreement pursuant to section 4341.

CHAPTER 5—ENFORCEMENT AND MONITORING OF ARMS SALES

SEC. 4371. GENERAL AUTHORITY.

(a) IN GENERAL.—Except as provided in subsection (b), in carrying out functions under this Act with respect to the export of defense articles and defense services, the President is authorized to exercise the same powers concerning violations and enforcement that are conferred upon departments, agencies and officials by subsections (c), (d), (e), and (g) of section 11 of the Export Administration Act of 1979 and by subsections (a) and (c) of section 12 of such Act (as continued in effect under the Inter-

national Emergency Economic Powers Act), subject to the same terms and conditions as are applicable to such powers under such Act.

(b) EXCEPTION.—Section 11(c)(2)(B) of the Export Administration Act of 1979 (as continued in effect under the International Emergency Economic Powers Act) shall not apply, and instead, as prescribed in regulations issued under this section, the Secretary may assess civil penalties for violations of this Act and regulations prescribed thereunder and further may commence a civil action to recover such civil penalties, and except further that the names of the countries and the types and quantities of defense articles for which licenses are issued under this section shall not be withheld from public disclosure unless the President determines that the release of such information would be contrary to the national interest.

(c) RULE OF CONSTRUCTION.—Nothing in this section shall be construed as authorizing the withholding of information from Congress.

SEC. 4372. CRIMINAL AND CIVIL PENALTIES.

(a) IN GENERAL.—Any person who willfully violates any provision of this Act relating to the export of defense articles and defense services, or any rule or regulation issued thereunder, or who willfully, in a registration or license application or required report, makes any untrue

statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading, shall upon conviction be fined for each violation not more than $1,000,000, or imprisoned not more than 20 years, or both.

(b) ILLICIT TRAFFICKING IN THE WESTERN HEMISPHERE.—Any person who willfully exports to a country in the Western Hemisphere any small arm or light weapon without a license in violation of the requirements of this Act shall upon conviction be fined for each violation not less than $1,000,000 but not more than $3,000,000 and imprisoned for not more than 20 years, or both.

SEC. 4373. IDENTIFICATION OF PERSONS OF CONCERN.

(a) IN GENERAL.—The President shall develop appropriate mechanisms to identify, in connection with the export licensing process under this subtitle—

(1) persons who are the subject of an indictment for, or have been convicted of, a violation under—

(A) section 4372;

(B) section 11 of the Export Administration Act of 1979 (50 U.S.C. App. 2410) (as continued in effect under the International Emergency Economic Powers Act);

(C) section 793, 794, or 798 of title 18, United States Code (relating to espionage involving defense or classified information) or section 2339A of such title (relating to providing material support to terrorists);

(D) section 16 of the Trading with the Enemy Act (50 U.S.C. App. 16);

(E) section 206 of the International Emergency Economic Powers Act (relating to foreign assets controls; 50 U.S.C. App. 1705);

(F) section 30A of the Securities Exchange Act of 1934 (15 U.S.C. 78dd1) or section 104 of the Foreign Corrupt Practices Act (15 U.S.C. 78dd2);

(G) chapter 105 of title 18, United States Code (relating to sabotage);

(H) section 4(b) of the Internal Security Act of 1950 (relating to communication of classified information; 50 U.S.C. 783(b));

(I) section 57, 92, 101, 104, 222, 224, 225, or 226 of the Atomic Energy Act of 1954 (42 U.S.C. 2077, 2122, 2131, 2134, 2272, 2274, 2275, and 2276);

(J) section 601 of the National Security Act of 1947 (relating to intelligence identities protection; 50 U.S.C. 421);

(K) section 603(b) or (c) of the Comprehensive Anti-Apartheid Act of 1986 (22 U.S.C. 5113(b) or (c)); or

(L) section 3, 4, 5, and 6 of the Prevention of Terrorist Access to Destructive Weapons Act of 2004, relating to missile systems designed to destroy aircraft (18 U.S.C. 2332g), prohibitions governing atomic weapons (42 U.S.C. 2122), radiological dispersal devices (18 U.S.C. 2332h), and variola virus (18 U.S.C. 175b);

(2) persons who are the subject of an indictment or have been convicted under section 371 of title 18, United States Code, for conspiracy to violate any of the provisions of law described in paragraph (1); and

(3) persons who are ineligible—

(A) to contract with,

(B) to receive a license or other form of authorization to export from, or

(C) to receive a license or other form of authorization to import defense articles or defense services from,

any Federal agency.

(b) DISAPPROVAL OF APPLICATION.—If the President determines that—

(1) an applicant for a license to export under this subtitle is the subject of an indictment for a violation of any of the provisions of law described in subsection (a),

(2) there is reasonable cause to believe that an applicant for a license to export under this subtitle has violated any of the provisions of law described in subsection (a), or

(3) an applicant for a license to export under this subtitle is ineligible to contract with, or to receive a license or other form of authorization to import defense articles or defense services from, any Federal agency,

the President may disapprove the export license application. The President shall consider requests by the Secretary of the Treasury to disapprove any export license application based on these criteria.

(c) PROHIBITION ON ISSUANCE OF LICENSE TO EXPORT ITEMS ON THE USML.—

(1) IN GENERAL.—A license to export an item on the United States Munitions List may not be issued to a person—

(A) if the person, or any party to the export, has been convicted of violating a provision of law described in subsection (a); or

(B) if the person, or any party to the export, is at the time of the license review ineligible to receive export licenses (or other forms of authorization to export) from any Federal agency.

(2) EXCEPTION.—A license to export an item on the United States Munitions List may be issued to a person described in paragraph (1) if the President, after consultation with the Secretary of the Treasury, and after a thorough review of the circumstances surrounding the conviction or ineligibility to export, determines that appropriate steps have been taken to mitigate any law enforcement concerns.

SEC. 4374. STANDARDS TO IDENTIFY HIGH-RISK EXPORTS.

The Secretary shall, in coordination with the heads of appropriate Federal agencies, develop standards for identifying high-risk defense articles for regular end-use verification.

SEC. 4375. REQUIREMENT OF EXPORTERS TO REPORT SHIPMENT.

As prescribed in regulations issued under this chapter, a person to whom a license has been granted to export an item on the United States Munitions List shall, not later than 15 days after the item is exported, submit to the Department of State a report containing all shipment information, including a description of the item and the quantity, value, port of exit, and end-user and country of destination of the item.

SEC. 4376. END-USE MONITORING OF DEFENSE ARTICLES AND DEFENSE SERVICES.

(a) ESTABLISHMENT OF MONITORING PROGRAM.—

(1) IN GENERAL.—In order to improve accountability with respect to defense articles and defense services sold, leased, or exported under this Act and predecessor Acts, the President shall establish a program which provides for the end-use monitoring of the articles and services.

(2) REQUIREMENTS OF PROGRAM.—To the extent practicable, the program shall be—

(A) established and carried out in accordance with the standards that apply for identifying high-risk exports for regular end-use verification developed under section 4374 (com-

monly referred to as the ''Blue Lantern'' program); and

(B) designed to provide reasonable assurance that—

(i) the recipient is complying with the requirements imposed by the United States Government with respect to use, transfers, and security of defense articles and defense services; and

(ii) the articles and services are being used for the purposes for which they are provided.

(b) CONDUCT OF PROGRAM.—In carrying out the program established under subsection (a), the President shall ensure that the program—

(1) provides for the end-use verification of defense articles and defense services that incorporate sensitive technology, defense articles and defense services that are particularly vulnerable to diversion or other misuse, or defense articles or defense services whose diversion or other misuse could have significant consequences; and

(2) prevents the diversion (through reverse engineering or other means) of technology incorporated in defense articles.

(c) REPORT TO CONGRESS.—As part of the annual congressional budget justification submitted under section 9302, the President shall transmit to Congress a report describing the actions taken to implement this section, including a detailed accounting of the costs and number of personnel associated with the monitoring program.

(d) THIRD COUNTRY TRANSFERS.—For purposes of this section, defense articles and defense services sold, leased, or exported under this Act includes defense articles and defense services that are transferred to a third country or other third party and the numbers, range, and finding of end-use monitoring of United States transfers of small arms and light weapons.

SEC. 4377. FEES OF MILITARY SALES AGENTS AND OTHER PAYMENTS.

(a) IN GENERAL.—In accordance with such regulations as the Secretary may prescribe under subsection (b), the Secretary shall require adequate and timely reporting on political contributions, gifts, commissions and fees paid, or offered or agreed to be paid, by any person in connection with—

(1) sales of defense articles or defense services, or of design and construction services under section 4312; or

(2) commercial sales of defense articles or defense services licensed or approved under section 4301, to or for the armed forces of a foreign country or international organization in order to solicit, promote, or otherwise to secure the conclusion of such sales.

(b) REGULATIONS.—The regulations referred to in subsection (a) shall specify the amounts and the kinds of payments, offers, and agreements to be reported, and the form and timing of reports, and shall require reports on the names of sales agents and other persons receiving such payments. The Secretary shall by regulation require such recordkeeping as the Secretary determines is necessary.

(c) PROHIBITION, LIMITATION, CONDITIONS.—The Secretary may, by regulation, prohibit, limit, or prescribe conditions with respect to such contributions, gifts, commissions, and fees as the President determines will be in furtherance of the purposes of this Act.

(d) REQUIREMENT FOR INCLUSION IN PROCUREMENT CONTRACT.—

(1) IN GENERAL.—No such contribution, gift, commission, or fee may be included, in whole or in part, in the amount paid under any procurement contract entered into under section 4312, unless the amount thereof is reasonable, allocable to such con-

tract, and not made to a person who has solicited, promoted, or otherwise secured such sale, or has held himself out as being able to do so, through improper influence.

(2) DEFINITION.—For the purposes of this subsection, the term ''improper influence'' means influence, direct or indirect, which induces or attempts to induce consideration or action by any employee or officer of a purchasing foreign government or international organization with respect to such purchase on any basis other than such consideration of merit as are involved in comparable United States procurements.

(e) AVAILABILITY OF INFORMATION AND RECORDS.—

(1) IN GENERAL.—All information reported to the Secretary and all records maintained by any person pursuant to regulations prescribed under this section shall be available, upon request, to any standing committee of Congress or any subcommittee thereof and to any Federal agency authorized by law to have access to the books and records of the person required to submit reports or to maintain records under this section.

(2) TERMS AND CONDITIONS.—Access by an Federal agency to records maintained under this section shall be on the same terms and conditions that govern access by the agency to the books and records of the person concerned.

SEC. 4378. PROHIBITION ON INCENTIVE PAYMENTS.

(a) PROHIBITION.—A United States person, or any employee, agent, or subcontractor thereof, may not, with respect to the sale or export of any defense article or defense service to a foreign country, make any incentive payments for the purpose of satisfying, in whole or in part, any offset agreement with the country.

(b) CIVIL PENALTIES.—Any person who violates the provisions of subsection (a) shall be subject to the imposition of civil penalties as provided for in subsection (c).

(c) ENFORCEMENT.—In providing for the enforcement of this section, the Secretary is authorized to exercise the same powers concerning violations and enforcement and imposition of civil penalties that are conferred upon Federal agencies and officials by subsections (c), (d), (e), and (f) of section 11 of the Export Administration Act of 1979 and section 12(a) of such Act (as continued in effect under the International Emergency Economic Powers Act), subject to the same terms and conditions as are applicable to such powers under such Act, except that

section 11(c)(2)(B) of such Act shall not apply, and instead, as prescribed in regulations issued under this section, the Secretary may assess civil penalties for violations of this Act and regulations prescribed thereunder and further may commence a civil action to recover such civil penalties, and except further that notwithstanding section 11(c) of that Act, the civil penalty for each violation of this section may not exceed $500,000 or five times the amount of the prohibited incentive payment, whichever is greater.

CHAPTER 6—CONGRESSIONAL REVIEW OF ARMS SALES

SEC. 4381. REPORTS ON COMMERCIAL AND GOVERNMENTAL MILITARY EXPORTS; CONGRESSIONAL ACTION.

(a) IN GENERAL.—The Secretary shall transmit to the appropriate congressional committees not later than 60 days after the end of each calendar quarter an unclassified report (except that any material which was transmitted in classified form under subsection (b)(1) or (c)(1) may be contained in a classified addendum to such report, and any letter of offer referred to in paragraph (1) may be listed in such addendum unless such letter of offer has been the subject of an unclassified certification pursuant to subsection (b)(1), and any information provided under

paragraph (11) may also be provided in a classified addendum) containing—

(1) a listing of all letters of offer to sell any major defense equipment for $1,000,000 or more under this Act to each foreign country and international organization, by category, if such letters of offer have not been accepted or canceled;

(2) a listing of all such letters of offer that have been accepted during the fiscal year in which such report is submitted, together with the total value of all defense articles and defense services sold to each foreign country and international organization during such fiscal year;

(3) the cumulative dollar amounts, by foreign country and international organization, of sales credit agreements under section 4251 made during the fiscal year in which such report is submitted;

(4) a numbered listing of all licenses and approvals for the export to each foreign country and international organization during such fiscal year of commercially sold major defense equipment, by category, sold for $1,000,000 or more, together with the total value of all defense articles and defense services so licensed for each foreign country and

international organization, setting forth, with respect to the listed major defense equipment—

(A) the items to be exported under the license;

(B) the quantity and contract price of each such item to be provided; and

(C) the name and address of the ultimate user of each such item;

(5) projections of the dollar amounts, by foreign country and international organization, of sales expected to be made under sections 4311 and 4312, in the quarter of the fiscal year immediately following the quarter for which such report is submitted;

(6) a projection with respect to all sales expected to be made to each country and organization for the remainder of the fiscal year in which such report is transmitted;

(7) a description of each payment, contribution, gift, commission, or fee reported to the Secretary under section 4377, including—

(A) the name of the person who made such payment, contribution, gift, commission, or fee;

(B) the name of any sales agent or other person to whom such payment, contribution, gift, commission, or fee was paid;

(C) the date and amount of such payment, contribution, gift, commission, or fee;

(D) a description of the sale in connection with which such payment, contribution, gift, commission, or fee was paid; and

(E) the identification of any business information considered confidential by the person submitting it which is included in the report;

(8) a listing of each sale under section 4251 during the quarter for which such report is made, specifying—

(A) the purchaser;

(B) the Federal agency responsible for implementing the sale;

(C) an estimate of the dollar amount of the sale; and

(D) a general description of the real property facilities to be constructed pursuant to such sale;

(9) a listing of each export of defense articles under section 4311 during the quarter for which report is made, specifying the recipient, the defense article, the dollar amount of the export, and a description of the cooperative agreement pursuant to which the export was made;

(10) a listing of the consents to third-party transfers of defense articles or defense services which were granted, during the quarter for which such report is submitted, if the value (in terms of original acquisition cost) of the defense articles or defense services to be transferred is $1,000,000 or more;

(11) a listing of all munitions items that were sold, leased, or otherwise transferred by the Department of Defense to any other Federal agency during the quarter for which such report is submitted (including the name of the recipient agency and a discussion of what the agency will do with those munitions items) if—

(A) the value of the munitions items was $250,000 of more, and

(B) the value of all munitions items transferred to the Federal agency during that quarter was $250,000 or more,

excluding munitions items transferred (i) for disposition or use solely within the United States, or (ii) for use in connection with intelligence activities subject to reporting requirements under title V of the National Security Act of 1947 (50 U.S.C. 413 et

seq.; relating to congressional oversight of intelligence activities);

(12) a report on all concluded government-to-government agreements regarding foreign coproduction of defense articles of United States origin and all other concluded agreements involving coproduction or licensed production outside of the United States of defense articles of United States origin (including coproduction memoranda of understanding or agreement) that have not been previously reported under this subsection, which shall include—

(A) the identity of the foreign countries, international organizations, or foreign firms involved;

(B) a description and the estimated value of the articles authorized to be produced, and an estimate of the quantity of the articles authorized to be produced;

(C) a description of any restrictions on third-party transfers of the foreign-manufactured articles; and

(D) if any such agreement does not provide for United States access to and verification of quantities of defense articles produced outside the United States and their disposition in

the foreign country, a description of alternative measures and controls incorporated in the co-production or licensing program to ensure compliance with restrictions in the agreement on production quantities and third-party transfers;

(13) a report on all exports of significant military equipment for which information has been provided pursuant to section 4375; and

(14) copies of security assistance surveys conducted by United States Government personnel for the calendar quarter for which the report is transmitted.

(b) ADDITIONAL INFORMATION.—For each letter of offer to sell under paragraphs (1) and (2) of subsection (a), the report shall specify—

(1) the foreign country or international organization to which the defense article or defense service is offered or was sold, as the case may be;

(2) the dollar amount of the offer to sell or the sale and the number of defense articles offered or sold, as the case may be;

(3) a description of the defense article or defense service offered or sold, as the case may be; and

(4) the United States Armed Forces or Federal agency that is making the offer to sell or the sale, as the case may be.

SEC. 4382. CONGRESSIONAL CERTIFICATION OF SENSITIVE FOREIGN MILITARY SALES AND AGREEMENTS.

(a) IN GENERAL.—The President shall submit to the appropriate congressional committees a numbered certification with respect to any letter of offer to sell, or an application by a person for a license for the export of, pursuant to this or any other Act, the following to a foreign country or international organization:

(1) Major defense equipment of a type that have not been sold to the country or organization for $25,000,000 or more.

(2) Major defense equipment of a type that have been sold to the country or organization but are significantly different in terms of capability from those previously sold, for $25,000,000 or more.

(3) Fixed- or rotary-wing aircraft, whether flown remotely or by an onboard pilot, primarily used for military purposes; navigation, sensors, sensitive components; and engines for same and sensitive components of such engines.

(4) Radars for military end-use.

(5) Guided or ballistic missiles, regardless of mode of launch.

(6) Firearms, close assault weapons, and combat shotguns over $1,000,000.

(7) Night vision devices.

(8) Naval vessels, both surface vessels (above 3,000 tons) and submersibles.

(9) Toxicological Agents and associated equipment, for $25,000,000 or more.

(10) Tanks (including significant components) and armored vehicle chassis, regardless of armament or lack thereof.

(11) Other defense articles and defense services for $100,000,000 or more.

(12) Military-related design and construction services for $300,000,000 or more.

(b) CERTIFICATION.—The following requirements shall apply with respect to the submission of a numbered certification under subsection (a):

(1) Before a United States commercial technical assistance or manufacturing licensing agreement that involves the manufacture outside the United States of any sensitive military equipment is approved under section 4301, the Secretary shall transmit to the appropriate congressional commit-

tees an unclassified numbered certification with respect to the agreement.

(2) Each numbered certification shall specify—

(A) the foreign country or international organization to which the defense article or defense service is offered or was sold, as the case may be;

(B) the dollar amount of the offer to sell or the sale and the number of defense articles offered or sold, as the case may be;

(C) a description of the defense article or defense service offered or sold, as the case may be; and

(D) the United States Armed Forces or Federal agency that is making the offer to sell or the sale, as the case may be.

(3) For commercial technical assistance or manufacturing licensing agreements, each numbered certification shall specify—

(A) the purchaser;

(B) the Federal agency responsible for implementing the sale;

(C) an estimate of the dollar amount of the sale; and

(D) a general description of the real property facilities to be constructed pursuant to such sale.

(c) ADDITIONAL INFORMATION.—Each numbered certification submitted under subsection (a) shall also contain information on the following:

(1) A description, containing the information described in section 4381(a)(7), of any contribution, gift, commission, or fee paid or offered or agreed to be paid in order to solicit, promote, or otherwise to secure the letter of offer relating to the numbered certification.

(2) An item, classified if necessary, identifying the sensitivity of technology contained in the defense articles, defense services, or design and construction services proposed to be sold, and a detailed justification of the reasons necessitating the sale of the articles, services, or design and construction services in view of the sensitivity of the technology.

(3) In a case in which the defense articles or defense services listed on the Missile Technology Control Regime Annex are intended to support the design, development, or production of a Category I space launch vehicle system, the certification shall also include a description of the proposed export and

rationale for approving such export, including the consistency of such export with United States missile nonproliferation policy.

(4) Each numbered certification shall contain an item indicating whether any offset agreement is proposed to be entered into in connection with such letter of offer to sell (if known on the date of transmittal of such certification).

(d) FORM.—A numbered certification transmitted pursuant to subsection (a) shall be in unclassified form, except that the information specified in paragraphs (2) and (3) of section 4381(b) and the details of the description specified in subsections (b) and (c) may be classified if the public disclosure thereof would be clearly detrimental to the security of the United States, in which case the information shall be accompanied by a description of the damage to the national security that could be expected to result from public disclosure of the information.

(e) CONSULTATION.—The Secretary shall consult with the appropriate congressional committees prior to the notification of a letter of offer, an application to export, or the conclusion of an commercial technical assistance agreement or a manufacturing license agreement.

(f) COMMITTEE INFORMATION REQUEST.—The Secretary shall, upon the request of an appropriate congres-

sional committee, transmit promptly to both such committees a statement setting forth, to the extent specified in such request—

(1) a detailed description of the defense articles, defense services, or design and construction services to be offered, including a brief description of the capabilities of any defense article to be offered;

(2) an estimate of the number of officers and employees of the United States Government and of United States civilian contract personnel expected to be needed in such country to carry out the proposed sale;

(3) the name of each contractor expected to provide the defense article, defense service, or design and construction services proposed to be sold and a description of any offset agreement with respect to such sale;

(4) an evaluation, prepared by the Secretary in consultation with the Secretary of Defense and the Director of Central Intelligence, of the manner, if any, in which the proposed sale would—

(A) contribute to an arms race;

(B) support international terrorism;

(C) increase the possibility of an outbreak or escalation of conflict;

(D) prejudice the negotiation of any arms controls;

(E) adversely affect the arms control or nonproliferation policy of the United States;

(F) support blackmarket or greymarket trade in arms, either those transferred or obsolete arms to be replaced by the arms sale; or

(G) require the transfer of United States arms sensitive technology or manufacturing techniques as a condition of the arms sale, and the impact of such transfer on the United States manufacturing base, including on jobs based in the United States;

(5) the reasons why the foreign country or international organization to which the sale is proposed to be made needs the defense articles, defense services, or design and construction services which are the subject of such sale and a description of how such country or organization intends to use such defense articles, defense services, or design and construction services;

(6) an analysis of the impact of the proposed sale on the military stocks and the military preparedness of the United States;

(7) the reasons why the proposed sale is in the national interest of the United States;

(8) an analysis of the impact of the proposed sale on the military capabilities of the foreign country or international organization to which such sale would be made;

(9) an analysis of how the proposed sale would affect the relative military strengths of countries in the region to which the defense articles, defense services, or design and construction services which are the subject of such sale would be delivered and whether other countries in the region have comparable kinds and amounts of defense articles, defense services, or design and construction services;

(10) an estimate of the levels of trained personnel and maintenance facilities of the foreign country or international organization to which the sale would be made which are needed and available to utilize effectively the defense articles, defense services, or design and construction services proposed to be sold;

(11) an analysis of the extent to which comparable kinds and amounts of defense articles, defense services, or design and construction services are available from other countries;

(12) an analysis of the impact of the proposed sale on United States relations with the countries in the region to which the defense articles, defense services, or design and construction services which are the subject of such sale would be delivered;

(13) a detailed description of any agreement proposed to be entered into by the United States for the purchase or acquisition by the United States of defense articles, defense services, design and construction services or defense equipment, or other articles, services, or equipment of the foreign country or international organization in connection with, or as consideration for, such letter of offer, including an analysis of the impact of such proposed agreement upon United States business concerns which might otherwise have provided such articles, services, or equipment to the United States, an estimate of the costs to be incurred by the United States in connection with such agreement compared with costs which would otherwise have been incurred, an estimate of the economic impact and unemployment which would result from entering into such proposed agreement, and an analysis of whether such costs and such domestic economic impact justify entering into such proposed agreement;

(14) the projected delivery dates of the defense articles, defense services, or design and construction services to be offered;

(15) a detailed description of weapons and levels of munitions that may be required as support for the proposed sale;

(16) an analysis of the relationship of the proposed sale to projected procurements of the same item, and

(17) an analysis, classified if necessary, of the security to be provided by the proposed recipient of the arms sale on the defense articles and defense services, both against external and internal security threats, including espionage.

SEC. 4383. UPGRADE OR ENHANCEMENT.

(a) IN GENERAL.—If, before the delivery of any major defense article or major defense equipment, or the furnishing of any defense service or design and construction service, sold pursuant to a letter of offer or a contract pursuant to a license described in section 4382, the sensitivity of technology or the capability of the article, equipment, or service is enhanced or upgraded from the level of sensitivity or capability described in the numbered certification with respect to an offer to sell such article, equipment, or service, then, at least 45 days before the

delivery of such article or equipment or the furnishing of such service, the President shall prepare and transmit to the chairman of the Committee on Foreign Affairs of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate a report—

(1) describing the manner in which the technology or capability has been enhanced or upgraded and describing the significance of such enhancement or upgrade; and

(2) setting forth a detailed justification for such enhancement or upgrade.

(b) APPLICATION.—The provisions of subsection (a) apply to an article or equipment delivered, or a service furnished, within 10 years after the transmittal to the Congress of a numbered certification with respect to the sale of such article, equipment, or service.

(c) NEW NUMBERED CERTIFICATION.—

(1) IN GENERAL.—If the enhancement or upgrade in the sensitivity of technology or the capability of major defense equipment, defense articles, defense services, or design and construction services described in a numbered certification submitted under this section costs $14,000,000 or more in the case of any major defense equipment, $50,000,000 or more in the case of defense articles or defense

services, or $200,000,000 or more in the case of design or construction services, then the Secretary shall submit to the chairman of the Committee on Foreign Affairs of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate a new numbered certification which relates to such enhancement or upgrade and which shall be considered for purposes of this section as if it were a separate letter of offer to sell defense equipment, articles, or services, subject to all of the requirements, restrictions, and conditions set forth in this section.

(2) RULE OF CONSTRUCTION.—For purposes of this subsection, references in this section to sales shall be deemed to be references to enhancements or upgrades in the sensitivity of technology or the capability of major defense equipment, defense articles, or defense services, as the case may be.

SEC. 4384. CONGRESSIONAL REVIEW PERIOD AND DISAPPROVAL.

(a) REVIEW PERIOD.—Any numbered certification submitted to the appropriate congressional committees for a letter of offer or a license to export under section 4382 may not be issued not earlier than—

(1) in the case of a strategic United States ally, 15 legislative days after the date of submission of the certification;

(2) in the case of any other country, 30 legislative days after the date of submission of the certification; and

(3) in the case of a license for export of a commercial communications satellite for launch from, and by nationals of, the Russian Federation, Ukraine, or Kazakhstan, 15 legislative days after the date of submission of the certification.

(b) DISAPPROVAL.—No letter of offer, or license to export, may be issued for any proposed sale subject to the provisions of this section if a joint resolution of disapproval is enacted providing for any such sale within the respective time periods specified in subsection (a).

(c) PROCEDURES FOR CONSIDERATION OF JOINT RESOLUTION.—

(1) SENATE.—Any such joint resolution shall be considered in the Senate in accordance with the provisions of section 601(b) of the International Security Assistance and Arms Export Control Act of 1976, except that for purposes of consideration of any joint resolution with respect to a strategic United States ally, it shall be in order in the Senate

to move to discharge a committee to which such joint resolution was referred if such committee has not reported such joint resolution at the end of 5 calendar days after its introduction.

(2) HOUSE OF REPRESENTATIVES.—For the purpose of expediting the consideration and enactment of joint resolutions under this subsection, a motion to proceed to the consideration of any such joint resolution after it has been reported by the appropriate committee shall be treated as highly privileged in the House of Representatives.

SEC. 4385. NATIONAL SECURITY WAIVER OF CONGRESSIONAL REVIEW OF ARMS SALES.

(a) AUTHORITY.—If the President informs the appropriate congressional committees that an emergency exists that requires a sale of a defense article or defense service under section 4331 or a retransfer of a defense article or defense service under section 4361 in the national security interests of the United States, the President may exempt the proposed sale from the requirements of this chapter.

(b) JUSTIFICATION.—Before exercising such waiver, the President shall set forth in a statement to the appropriate congressional committees a detailed justification for the President's determination, including a description of the emergency circumstances that necessitate the imme-

diate issuance of the letter of offer and a discussion of the national security interests involved.

SEC. 4386. PUBLICATION OF ARMS SALES NOTIFICATIONS.

(a) PUBLICATION.—The Secretary shall publish in a timely manner in the Federal Register, upon transmittal to the Speaker of the House of Representatives and to the chairman of the Committee on Foreign Relations of the Senate, the full unclassified text of each numbered certification submitted pursuant to section 4382.

(b) RULE OF CONSTRUCTION.—Information relating to offset agreements shall be treated as confidential information in accordance with section 12(c) of the Export Administration Act of 1979 (50 U.S.C. App. 2411(c)) (as continued in effect under the International Emergency Economic Powers Act).

SEC. 4387. CERTIFICATION REQUIREMENT RELATING TO ISRAEL'S QUALITATIVE MILITARY EDGE.

(a) IN GENERAL.—Any certification relating to a proposed sale or export of defense articles or defense services under this chapter to any country in the Middle East other than Israel shall include an unclassified determination that the sale or export of the defense articles or defense services will not adversely affect Israel's qualitative military edge over military threats to Israel, but may also include a classified determination as well.

(b) QUALITATIVE MILITARY EDGE DEFINED.—In this section, the term ''qualitative military edge'' means the ability to counter and defeat any credible conventional military 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 of states or non-state actors.

CHAPTER 7—LANDMINES AND CLUSTER MUNITIONS

SEC. 4391. LANDMINES.

(a) IN GENERAL.—Notwithstanding any other provision of law, demining equipment available to the Agency or the Department of State and used in support of the clearance of landmines and unexploded ordnance for humanitarian purposes may be disposed of on a grant basis in foreign countries.

(b) TERMS AND CONDITIONS.—The exercise of the authority under subsection (a) shall be subject to such terms and conditions as the President may prescribe.

SEC. 4392. CLUSTER MUNITIONS.

No security assistance may be provided for cluster munitions, no defense export license for cluster munitions may be issued, and no cluster munitions or cluster munitions technology shall be sold or transferred, unless—

(1) the submunitions of the cluster munitions, after arming, do not result in more than 1 percent unexploded ordnance across the range of intended operational environments; and

(2) the agreement applicable to the assistance, transfer, or sale of such cluster munitions or cluster munitions technology specifies that—

(A) the cluster munitions will only be used against clearly defined military targets and will not be used where civilians are known to be present or in areas normally inhabited by civilians; and

(B) the recipient agrees to immediately recover any unexploded submunitions, and to give assistance as necessary to any civilian injuries, that follow the use of such weapons in any area in which civilians are present.

Subtitle D—General Administrative and Miscellaneous Provisions

SEC. 4401. GENERAL PROVISIONS.

(a) PROCUREMENT IN THE UNITED STATES; CO-PRODUCTION OR LICENSED PRODUCTION OUTSIDE THE UNITED STATES.—

(1) IN GENERAL.—In carrying out this title, special emphasis shall be placed on procurement in the United States, but, subject to the provisions of subsection (b), consideration shall also be given to coproduction or licensed production outside the United States of defense articles of United States origin when such production best serves the foreign policy, national security, and economy of the United States.

(2) EVALUATION.—In evaluating any sale proposed to be made pursuant to this title, there shall be taken into consideration—

(A) the extent to which the proposed sale damages or infringes upon licensing arrangements whereby United States entities have granted licenses for the manufacture of the defense articles selected by the purchasing country to entities located in friendly foreign coun-

tries, which licenses result in financial returns to the United States;

(B) the portion of the defense articles so manufactured which is of United States origin; and

(C) whether, and the extent to which, such sale might contribute to an arms race, aid in the development of weapons of mass destruction, support international terrorism, increase the possibility of outbreak or escalation of conflict, or prejudice the development of bilateral or multilateral arms control or nonproliferation agreements or other arrangements.

(b) PROHIBITIONS.—No credit sale shall be extended under section 4251 in any case involving coproduction or licensed production outside the United States of any defense article of United States origin, unless the Secretary, in advance of any such transaction, advises the appropriate congressional committees and furnish the Speaker of the House of Representatives and the President of the Senate with full information regarding the proposed transaction, including a description of the particular defense article or articles which would be produced under license or coproduced outside the United States, the estimated value of such production or coproduction, and the probable

impact of the proposed transaction on employment and production within the United States.

(c) AVAILABILITY OF FUNDS.—Funds made available under this title may be used for procurement outside the United States only if the President determines that such procurement will not result in adverse effects upon the economy of the United States or the industrial mobilization base, with special reference to any areas of labor surplus or to the net position of the United States in its balance of payments with the rest of the world, which outweigh the economic or other advantages to the United States of less costly procurement outside the United States

(d) RESPONSIBILITIES OF SECRETARY OF DEFENSE.—

(1) IN GENERAL.—With respect to sales under sections 4311, 4312, 4324, and 4351 the Secretary of Defense shall, under the direction of the President, have primary responsibility for—

(A) the determination of military end-item requirements;

(B) the procurement of military equipment in a manner which permits its integration with service programs;

(C) the supervision of the training of foreign military personnel;

(D) the movement and delivery of military end-items; and

(E) within the Department of Defense, the performance of any other functions with respect to sales and guaranties.

(2) PRIORITIES.—The establishment of priorities in the procurement, delivery, and allocation of military equipment shall, under the direction of the President, be determined by the Secretary of Defense.

(e) TERMINATION PROVISIONS.—

(1) CONTRACTS.—Each contract for sale entered into under sections 4311, 4312, 4324, and 4351, and each contract entered into under section 4282, shall provide that such contract may be canceled in whole or in part, or its execution suspended, by the United States at any time under unusual or compelling circumstances if the national interest of the United States so requires.

(2) EXPORT LICENSES.—Each export license issued under section 4331 shall provide that such license may be revoked, suspended, or amended by the Secretary, without prior notice, whenever the Sec-

retary deems such action to be advisable. Nothing in this paragraph may be construed as limiting the regulatory authority of the President under this Act.

(3) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated from time to time such sums as may be necessary—

(A) to refund moneys received from purchasers under contracts of sale entered into under sections 4311, 4312, 4324, and 4351, or under contracts entered into under section 4282, that are canceled or suspended under this subsection to the extent such moneys have previously been disbursed to private contractors and United States Government agencies for work in progress; and

(B) to pay such damages and costs that accrue from the corresponding cancellation or suspension of the existing procurement contracts or Federal agency work orders involved.

(f) CIVILIAN CONTRACT PERSONNEL.—The President shall, to the maximum extent possible and consistent with the purposes of this title, use civilian contract personnel in any foreign country to perform defense services sold under this title.

SEC. 4402. ADMINISTRATIVE EXPENSES.

(a) IN GENERAL.—Funds made available under other provisions of law for the operations of Federal agencies carrying out functions under this title shall be available for the administrative expenses incurred by such agencies under this title.

(b) RECOVERY OF EXPENSES.—Charges for administrative services calculated under section 4314(a)(1) shall include recovery of administrative expenses and official reception and representation expenses incurred by any Federal agency, including any mission or group thereof, in carrying out functions under this title if—

(1) such functions are primarily for the benefit of any foreign country;

(2) such expenses are not directly and fully charged to, and reimbursed from amounts received for, sale of defense services under section 4311; and

(3) such expenses are neither salaries of the United States Armed Forces nor represent unfunded estimated costs of civilian retirement and other benefits.

(c) OFFICIAL RECEPTION AND REPRESENTATION EXPENSES.—Not more than $86,500 of the funds derived from charges for administrative services pursuant to section 4314(a)(1) may be used each fiscal year for official reception and representation expenses.

SEC. 4403. DETAIL OF APPROPRIATE PERSONNEL.

The President may detail, as necessary, to the Department of State appropriate personnel from any other Federal agency on a nonreimbursable basis, to assist in the initial screening of applications for export licenses under this subtitle in order to determine the need for further review of those applications for foreign policy, national security, and law enforcement concerns.

SEC. 4404. RULE OF CONSTRUCTION.

Nothing in this title shall be construed as modifying in any way the provisions of the Atomic Energy Act of 1954 or section 7307 of title 10, United States Code.

SEC. 4405. PERFORMANCE GOALS FOR PROCESSING OF APPLICATIONS FOR LICENSES TO EXPORT ITEMS ON UNITED STATES MUNITIONS LIST.

(a) IN GENERAL.—The Secretary shall establish and maintain the following goals:

(1) The processing time for review of each application for a license to export items on the United States Munitions List (other than a Manufacturing License Agreement) shall be not more than 60 days from the date of receipt of the application.

(2) The processing time for review of each application for a commodity jurisdiction determination shall be not more than 60 days from the date of receipt of the application.

(3) The total number of applications described in paragraph (1) that are unprocessed shall be not more than 7 percent of the total number of such applications submitted in the preceding calendar year.

(b) ADDITIONAL REVIEW.—

(1) IN GENERAL.—If an application described in paragraph (1) or (2) of subsection (a) is not processed within the time period described in the respective paragraph of such subsection, then the Secretary shall ensure that the appropriate managing official shall review the status of the application to determine if further action is required to process the application.

(2) ADDITIONAL REQUIREMENTS.—If an application described in paragraph (1) or (2) of subsection (a) is not processed within 90 days from the date of receipt of the application, then the appropriate managing official shall—

(A) review the status of the application to determine if further action is required to process the application; and

(B) submit to the appropriate congressional committees a notification of the review conducted under subparagraph (A), including a description of the application, the reason for

delay in processing the application, and a proposal for further action to process the application.

(3) ANNUAL REVIEW.—For each calendar year, the appropriate managing official shall review not less than 2 percent of the total number of applications described in paragraphs (1) and (2) of subsection (a) to ensure that the processing of such applications, including decisions to approve, deny, or return without action, is consistent with both the foreign policy and regulatory requirements of the United States.

(c) STATEMENTS OF POLICY.—

(1) UNITED STATES ALLIES.—Congress states that—

(A) to ensure that, to the maximum extent practicable, the processing time for review of applications to export items to United States allies in direct support of combat operations or peacekeeping or humanitarian operations with the United States Armed Forces is not more than 7 days from the date of receipt of the application; and

(B) the Secretary shall ensure that, to the maximum extent practicable, the processing

time for review of applications described in subsection (a)(1) to export items that are not subject to the requirements of chapter 6 to a strategic United States ally, and, as appropriate, other major United States allies for any purpose other than the purpose described in paragraph (1) is not more than 30 days from the date of receipt of the application.

(2) PRIORITY FOR APPLICATIONS FOR EXPORT OF U.S.-ORIGIN EQUIPMENT.—In meeting the goals established by this section, the Secretary shall prioritize the processing of applications for licenses and agreements necessary for the export of United States-origin equipment over applications for Manufacturing License Agreements.

(d) REPORT.—Not later than 180 days after the date of the enactment of this Act, and not later than 1 year thereafter, the Secretary shall submit to the appropriate congressional committees a report that contains a detailed description of—

(1)(A) the average processing time for and number of applications described in subsection (a)(1) to—

(i) a strategic United States ally;

(ii) a major United States ally; and

(iii) any other country; and

(B) to the extent practicable, the average processing time for and number of applications described in subsection (b)(1) by item category;

(2) the average processing time for and number of applications described in subsection (a)(2);

(3) the average processing time for and number of applications for agreements described in part 124 of title 22, Code of Federal Regulations (relating to the International Traffic in Arms Regulations), other than Manufacturing License Agreements;

(4) the average processing times for applications for Manufacturing License Agreements;

(5) any management decisions of the Directorate of Defense Trade Controls of the Department of State that have been made in response to data contained in paragraphs (1) through (3); and

(6) any advances in technology that will allow the time-frames described in subsection (a)(1) to be substantially reduced.

(e) CONGRESSIONAL BRIEFINGS.—If, at the end of any month beginning after the date of the enactment of this Act, the total number of applications described in subsection (a)(1) that are unprocessed is more than 7 percent of the total number of such applications submitted in the

preceding calendar year, then the Secretary shall ensure that the Assistant Secretary for Political-Military Affairs shall brief the appropriate congressional committees on such matters and the corrective measures that will be taken to comply with the requirements of subsection (a).

(f) TRANSPARENCY OF COMMODITY JURISDICTION DETERMINATIONS.—

(1) IN GENERAL.—To the maximum extent practicable, commodity jurisdiction determinations made as the appropriate controls to be applied to commodities shall be made public.

(2) PUBLICATION ON DEPARTMENT OF STATE'S INTERNET WEBSITE.—The Secretary shall—

(A) publish a commodity jurisdiction determination referred to in paragraph (1) on the Internet website of the Department of State not later than 30 days after the date of the determination, which includes—

(i) the name of the manufacturer of the item;

(ii) a brief general description of the item;

(iii) the model or part number of the item; and

(iv) the designation under which the item has been designated, except that—

(I) the name of the person or business organization that sought the commodity jurisdiction determination shall not be published if the person or business organization is not the manufacturer of the item; and

(II) the names of the customers, the price of the item, and any proprietary information relating to the item indicated by the person or business organization that sought the commodity jurisdiction determination shall not be published; and

(B) maintain on the Internet website of the Department of State an archive, that is accessible to the general public and other departments and agencies of the United States, of the information published under subparagraph (A).

(g) RULE OF CONSTRUCTION.—Nothing in this section shall be construed to prohibit the President from undertaking a thorough review of the national security and foreign policy implications of a proposed export of items on the United States Munitions List.

SEC. 4406. AVAILABILITY OF INFORMATION ON THE STATUS OF LICENSE APPLICATIONS.

(a) IN GENERAL.—The Secretary shall make available to persons who have pending license applications under this chapter and the appropriate congressional committees the ability to access electronically current information on the status of each license application required to be submitted under this chapter.

(b) MATTERS TO BE INCLUDED.—The information referred to in subsection (a) shall be limited to the following:

(1) The case number of the license application.

(2) The date on which the license application is received by the Department of State and becomes an ''open application''.

(3) The date on which the Directorate of Defense Trade Controls makes a determination with respect to the license application or transmits it for interagency review, if required.

(4) The date on which the interagency review process for the license application is completed, if such a review process is required.

(5) The date on which the Department of State begins consultations with the appropriate congressional committees with respect to the license application.

(6) The date on which the license application is sent to the appropriate congressional committees.

SEC. 4407. REQUIREMENT TO ENSURE ADEQUATE STAFF AND RESOURCES FOR THE DIRECTORATE OF DEFENSE TRADE CONTROLS OF THE DEPARTMENT OF STATE.

(a) REQUIREMENT.—The Secretary shall ensure that there are the necessary staff and resources to carry out this subtitle.

(b) MINIMUM NUMBER OF LICENSING OFFICERS.—The Secretary should ensure that there is at least 1 licensing officer for every 1,250 applications for licenses and other authorizations to export items on the United States Munitions List or successor list.

(c) MINIMUM NUMBER OF STAFF FOR COMMODITY JURISDICTION DETERMINATIONS.—The Secretary shall ensure that the Directorate of Defense Trade Controls has, to the extent practicable, not less than three individuals assigned to review applications for commodity jurisdiction determinations.

SEC. 4408. OVERSEAS MANAGEMENT OF ASSISTANCE AND SALES PROGRAMS.

(a) IN GENERAL.—In order to carry out the President's responsibilities for the management of international security assistance programs conducted under this title,

the President may assign members of the United States Armed Forces, personnel of the Department of Defense, the Department of State, or any other Federal agency, to a foreign country to perform one or more of the following functions:

(1) Equipment and services case management.

(2) Training management.

(3) Program monitoring.

(4) Evaluation and planning of the host government's military capabilities and requirements.

(5) Administrative support.

(6) Promoting rationalization, standardization, interoperability, and other defense cooperation measures.

(7) Liaison functions exclusive of advisory and training assistance.

(b) ADVISORY AND TRAINING ASSISTANCE.—Advisory and training assistance conducted by military personnel assigned under this section shall be kept to an absolute minimum. It is the sense of Congress that advisory and training assistance conducted in countries to which military personnel are assigned under this section should be provided primarily by other personnel who are not assigned under this section and who are detailed for limited periods to perform specific tasks.

(c) LIMITATION ON NUMBER OF UNITED STATES ARMED FORCES MEMBERS.—

(1) LIMITATION.—

(A) IN GENERAL.—Except as provided in subparagraph (C), the number of members of the United States Armed Forces assigned to a foreign country under this section in a fiscal year may not exceed 12 unless specifically authorized by Congress.

(B) WAIVER.—The President may waive the limitation in subparagraph (A) with respect to the number of members of the United States Armed Forces assigned to a foreign country if the President determines and reports to the appropriate congressional committees 30 days prior to the introduction of the additional members of the United States Armed Forces in the foreign country, that United States national interests require that more than 12 members of the United States Armed Forces be assigned under this section to carry out international security assistance programs in the foreign country.

(C) EXEMPTED COUNTRIES.—The limitation in subparagraph (A) shall not apply with

respect to Pakistan, Tunisia, El Salvador, Honduras, Israel, Colombia, Indonesia, the Republic of Korea, the Philippines, Thailand, Egypt, Jordan, Morocco, Saudi Arabia, Greece, Portugal, Spain, and Turkey.

(2) CONGRESSIONAL BUDGET JUSTIFICATION.—The total number of members of the United States Armed Forces assigned to a foreign country under this section in a fiscal year may not exceed the number justified to Congress for that country in the congressional budget justification documents for that fiscal year, unless the appropriate congressional committees are notified 30 days in advance of the introduction of the additional members of the United States Armed Forces.

(d) COSTS.—The entire costs (excluding salaries of members of the United States Armed Forces (other than the Coast Guard)) of overseas management of international security assistance programs under this section shall be charged to or reimbursed from funds made available to carry out this chapter, other than any such costs which are either paid directly for such defense services under section 4311 or reimbursed from charges for services collected from foreign governments pursuant to section 4311 and section 4402.

(e) SUPERVISION OF CHIEF OF DIPLOMATIC MISSION.—Members of the United States Armed Forces assigned to a foreign country under this section shall serve under the direction and supervision of the Chief of the United States Diplomatic Mission to that country.

(f) GUIDANCE REGARDING PURCHASES.—The President shall continue to instruct United States diplomatic and military personnel in United States missions that such personnel should not encourage, promote, or influence the purchase by any foreign country of United States-made military equipment, unless such personnel are specifically instructed to do so by an appropriate official of the executive branch.

SEC. 4409. DESIGNATION OF MAJOR UNITED STATES ALLIES.

(a) NOTICE TO CONGRESS.—The President shall notify Congress in writing at least 30 days before—

(1) designating a country as a major United States ally for purposes of this Act; or

(2) terminating such a designation.

(b) INITIAL DESIGNATIONS.—Egypt, Argentina, Pakistan, Bahrain, the Philippines, Jordan, Thailand, Kuwait, and Morocco shall be deemed to have been so designated by the President as of the date of the enactment

of this Act, and the President is not required to notify Congress of such designation of those countries.

SEC. 4410. DEPLETED URANIUM AMMUNITION.

(a) PROHIBITION.—Except as provided in subsection (b), none of the funds made available to carry out this Act or any other Act may be made available to facilitate in any way the sale of M833 or M900 antitank shells or any comparable antitank shells containing a depleted uranium penetrating component to any country other than a country that is a strategic United States ally.

(b) EXCEPTION.—The prohibition in subsection (a) shall not apply with respect to the use of funds to facilitate the sale of antitank shells to a country if the President determines that to do so is in the national security interest of the United States.

SEC. 4411. DEFINITIONS.

In this title:

(1) APPROPRIATE CONGRESSIONAL COMMITTEES.—The term ''appropriate congressional committees'' means—

(A) the Committee on Foreign Affairs and the Committee on Appropriations of the House of Representatives; and

(B) the Committee on Foreign Relations and the Committee on Appropriations of the Senate.

(2) CASH FLOW FINANCING.—The term ''cash flow financing'' means the dollar amount of the difference between the total estimated price of a Letter of Offer and Acceptance or other purchase agreement that has been approved for financing under this title and the amount of the financing that has been approved therefor.

(3) CATEGORY I SPACE LAUNCH VEHICLE SYSTEM.—The term ''Category I space launch vehicle system'' means a category I system as defined in the MTCR Annex for the launching of payloads into outer space, as well as the specially designed production facilities for these systems.

(4) DEFENSE ARTICLE.—

(A) IN GENERAL.—The term ''defense article''—

(i) includes—

(I) any weapon, weapons system, munition, aircraft, vessel, boat, or other implement of war and related technical data;

(II) any property, installation, commodity, material, equipment, supply, or goods used for the purposes of making military sales;

(III) any machinery, facility, tool, material, supply, or other item necessary for the manufacture, production, processing, repair, servicing, storage, construction, transportation, operation, or use of any article listed in this paragraph; and

(IV) any significant component or part of any article listed in this paragraph that has been specifically designed or significantly modified for a military application; but

(ii) does not include—

(I) merchant vessels; or

(II) source material (except uranium depleted in the isotope 235 which is incorporated in defense articles solely to take advantage of high density or pyrophoric characteristics unrelated to radioactivity), byproduct material, special nuclear material,

production facilities, utilization facilities, or atomic weapons or articles involving Restricted Data, as defined by the Atomic Energy Act of 1954.

(B) ADDITIONAL TERMS.—In subparagraph (A)(i)(IV)—

(i) the term ''significant component or part'' means a component or part that is essential to a military function; and

(ii) the term ''significantly modified'' means a modification that constitutes an alteration of 25 percent or greater of the component or part from a non-military version.

(5) DEFENSE SERVICE.—

(A) IN GENERAL.—The term ''defense service''—

(i) includes any service, test, inspection, repair, training, publication, technical or other assistance, or defense information used for the purposes of making military sales; but

(ii) does not include design and construction services under section 4311.

(B) ADDITIONAL TERM.—In subparagraph (A)(i), the term ''defense information'' includes any document, writing, sketch, photograph, plan, model, specification, design, prototype, or other recorded or oral information relating to any defense article or defense service, but does not include Restricted Data as defined by the Atomic Energy Act of 1954 and data removed from the Restricted Data category under section 142d of that Act.

(6) DESIGN AND CONSTRUCTION SERVICES.—The term ''design and construction services'' means, with respect to sales under section 4251, the design and construction of real property facilities, including necessary construction equipment and materials, engineering services, construction contract management services relating thereto, and technical advisory assistance in the operation and maintenance of real property facilities provided or performed by the Department of Defense or by a contractor pursuant to a contract with such department or agency.

(7) END ITEM.—The term ''end item'' means an assembled article that is ready for its intended use and for which only ammunition, fuel, or another

energy source is required to place the item in its operating state.

(8) EXCESS DEFENSE ARTICLE.—The term ''excess defense article'' means defense articles (other than construction equipment, including tractors, scrapers, loaders, graders, bulldozers, dump trucks, generators, and compressors) owned by the United States Government, and not procured in anticipation of security assistance or sales requirements, or pursuant to a security assistance or sales order, which is in excess of the Approved Force Acquisition Objective and Approved Force Retention Stock of all Department of Defense Components at the time such articles are dropped from inventory by the supplying agency for delivery to countries or international organizations under this Act.

(9) INCENTIVE PAYMENTS.—The term ''incentive payments'' means direct monetary compensation made by a United States supplier of defense articles or defense services or by any employee, agent, or subcontractor thereof to any other United States person to induce or persuade that United States person to purchase or acquire goods or services produced, manufactured, grown, or extracted, in whole or in part, in the foreign country which is pur-

chasing those defense articles or defense services from the United States supplier.

(10) MAJOR DEFENSE EQUIPMENT.—The term ''major defense equipment'' means any item of significant military equipment on the United States Munitions List having a nonrecurring research and development cost of more than $50,000,000 or a total production cost of more than $200,000,000.

(11) MAJOR UNITED STATES ALLY.—The term ''major United States ally'' means a country that is designated in accordance with section 4409 as a major United States ally for purposes of this Act.

(12) NATO/SHAPE PROJECT.—The term ''NATO/SHAPE project'' means a common-funded project supported by allocated credits from North Atlantic Treaty Organization bodies or by host nations with NATO Infrastructure funds.

(13) NUCLEAR EXPLOSIVE DEVICE.—The term ''nuclear explosive device'' has the meaning given that term in section 830(4) of the Nuclear Proliferation Prevention Act of 1994.

(14) OFFSET AGREEMENT.—The term ''offset agreement'' means an agreement, arrangement, or understanding between a United States supplier of defense articles or defense services and a foreign

country under which the supplier agrees to purchase or acquire, or to promote the purchase or acquisition by other United States persons of, goods or services produced, manufactured, grown, or extracted, in whole or in part, in that foreign country in consideration for the purchase by the foreign country of defense articles or defense services from the supplier.

(15) SECURITY ASSISTANCE SURVEY.—The term ''security assistance survey'' means any survey or study conducted in a foreign country by United States Government personnel for the purpose of assessing the needs of that country for security assistance, and includes defense requirement surveys, site surveys, general surveys or studies, and engineering assessment surveys.

(16) SIGNIFICANT MILITARY EQUIPMENT.—The term ''significant military equipment'' means articles—

(A) for which special export controls are warranted because of the capacity of such articles for substantial military utility or capability; and

(B) identified on the United States Munitions List.

(17) SMALL ARM OR LIGHT WEAPON.—The term ''small arm or light weapon'' means—

(A) an item listed in Category I(a) of the United States Munitions List,

(B) an item listed in Category III (as it applies to Category I(a)) of the United States Munitions List, or

(C) a grenade listed in Category IV(a) of the United States Munitions List,

that requires a license for international export under this title.

(18) STRATEGIC UNITED STATES ALLY.—The term ''strategic United States ally'' means any member country of the North Atlantic Treaty Organization (NATO), Australia, Israel, Japan, the Republic of Korea, or New Zealand.

(19) TRAINING.—The term ''training'' includes formal or informal instruction of foreign students in the United States or overseas by officers or employees of the United States, contract technicians, or contractors (including instruction at civilian institutions), or by correspondence courses, technical, educational, or information publications and media of all kinds, training aid, orientation, training exercise,

and military advice to foreign military units and forces.

(20) UNITED STATES.—The term ''United States'', when used geographically, means the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, and any territory or possession of the United States.

(21) VALUE.—The term ''value'' means, in the case of an excess defense article, except as otherwise provided in section 4311(a), not less than the greater of—

(A) the gross cost incurred by the United States Government in repairing, rehabilitating, or modifying such article, plus the scrap value; or

(B) the market value, if ascertainable.

(22) WEAPON SYSTEM PARTNERSHIP AGREEMENT.—The term ''weapon system partnership agreement'' means an agreement between two or more member countries of the Maintenance and Supply Agency of the North Atlantic Treaty Organization that—

(A) is entered into pursuant to the terms of the Charter of the North Atlantic Treaty Organization; and

(B) is for the common logistic support of a specific weapon system common to the participating countries.

(23) WEAPONS OF MASS DESTRUCTION.—The term ''weapons of mass destruction'' has the meaning given such term in section 1403(1) of the Defense Against Weapons of Mass Destruction Act of 1996 (title XIV of Public Law 104–201; 110 Stat. 2717; 50 U.S.C. 2302(1)).

TITLE V—COUNTERING TRANSNATIONAL THREATS

Subtitle A—Nonproliferation Authorities

CHAPTER 1—NUCLEAR NONPROLIFERATION

SEC. 5111. AUTHORIZATION OF ASSISTANCE TO PROHIBIT THE PROLIFERATION OF NUCLEAR, CHEMICAL, AND BIOLOGICAL WEAPONS.

(a) AUTHORIZATION OF ASSISTANCE.—The President is authorized to provide, on such terms and conditions as the President may determine, foreign assistance

to any country or organization in order to carry out the purposes described in subsection (b).

(b) PURPOSES.—The purposes of assistance under this section are to prohibit the proliferation of nuclear, chemical, and biological weapons and the means to deliver such weapons, through support of activities designed—

(1) to enhance the nonproliferation capabilities of a country or organization by providing training and equipment to detect, deter, monitor, interdict, and counter proliferation;

(2) to strengthen the bilateral ties of the United States with a country or organization by offering assistance in this area of vital national security interest;

(3) to accomplish the activities and objectives set forth in sections 503 and 504 of the FREEDOM Support Act (22 U.S.C. 5853 and 5854), without regard to the limitation of those sections to the independent states of the former Soviet Union; and

(4) to promote multilateral activities, including cooperation with international organizations, relating to nonproliferation.

(c) ACTIVITIES SUPPORTED.—Assistance under this section may include training services and the provision of funds, equipment, and other commodities related to the

detection, deterrence, monitoring, interdiction, and prevention or countering of proliferation, the establishment of effective nonproliferation laws and regulations, and the apprehension of those individuals involved in acts of proliferation of such weapons.

SEC. 5112. EDUCATION AND TRAINING TO ENHANCE NONPROLIFERATION AND EXPORT CONTROL CAPABILITIES.

(a) IN GENERAL.—The Secretary is authorized to provide education and training to appropriate military and civilian personnel of foreign countries for the purpose of enhancing the nonproliferation and export control capabilities of such personnel through their attendance in special courses of instruction conducted by the United States. Such education and training may be provided on such terms and conditions as the Secretary may determine and consistent with this subtitle but whenever feasible on a reimbursable basis.

(b) ADMINISTRATION OF COURSES.—The Secretary shall have overall responsibility for the development and conduct of international nonproliferation education and training programs under this section, and may utilize other Federal agencies, as appropriate, to recommend personnel for the education and training programs and to administer specific courses of instruction.

(c) PURPOSES.—Education and training activities conducted under this section shall be—

(1) of a technical nature, emphasizing techniques for detecting, deterring, monitoring, interdicting, and countering proliferation;

(2) designed to encourage effective and mutually beneficial relations and increased understanding between the United States and other countries; and

(3) designed to improve the ability of other countries to utilize their resources with maximum effectiveness, thereby contributing to greater self-reliance by such countries.

(d) PRIORITY TO CERTAIN COUNTRIES.—In selecting personnel for education and training programs under this section, priority should be given to personnel from countries determined by the Secretary to be countries frequently transited by proliferation-related shipments of cargo.

SEC. 5113. OPPOSITION OF WITHDRAWAL FROM TREATY ON THE NON-PROLIFERATION OF NUCLEAR WEAPONS.

(a) STATEMENT OF POLICY.—It is the policy of the United States to oppose the withdrawal of any country that is a party to the Treaty on the Non-Proliferation of Nuclear Weapons (hereinafter in this section referred to

as the ''Treaty'') and to use all political, economic, and diplomatic means at its disposal to deter, prevent, and sanction any such withdrawal from the Treaty.

(b) LIMITATION ON ASSISTANCE.—

(1) IN GENERAL.—Notwithstanding any other provision of law, no foreign assistance (other than humanitarian assistance) under any provision of law may be provided to a country that has withdrawn from the Treaty.

(2) WAIVER.—The President may waive the requirements of paragraph (1) on a case-by-case basis if the President determines and notifies the appropriate congressional committees that such waiver is in the vital national security interest of the United States.

(c) RETURN OF ALL UNITED STATES-ORIGIN MATERIALS AND EQUIPMENT.—The United States shall seek the return of any material, equipment or components transferred under an Agreement for Civil Nuclear Cooperation that is in force pursuant to the authority of section 123 of the Atomic Energy Act of 1954 on or after the date of the enactment of this Act, and any special fissionable material produced through the use of such material, equipment or components, previously provided to a country that withdraws from the Treaty.

SEC. 5114. MATTERS RELATING TO INTERNATIONAL ATOMIC ENERGY AGENCY.

(a) PAYMENT OF UNITED STATES DUES.—Not later than January 31, 2014, and January 31 of each succeeding year, the United States shall pay its full assessed contribution to the regular operating budget of the International Atomic Energy Agency (IAEA).

(b) ADDITIONAL PROTOCOL AS A CRITERION FOR UNITED STATES ASSISTANCE.—

(1) STATEMENT OF POLICY.—It is the policy of the United States to ensure that each country that is a party to the Treaty on the Non-Proliferation of Nuclear Weapons should bring into force an Additional Protocol to its safeguards agreement with the IAEA.

(2) CRITERION FOR ASSISTANCE.—The United States shall, when considering the provision of assistance under this Act, take into consideration whether the proposed recipient has in force an Additional Protocol to its safeguards agreement with the IAEA.

SEC. 5115. ARMS CONTROL AND NONPROLIFERATION SCHOLARSHIP PROGRAM.

(a) ESTABLISHMENT.—

(1) IN GENERAL.—The Secretary shall establish a scholarship program (to be known as the "Arms

Control and Nonproliferation Scholarship Program'') to award scholarships for the purpose of recruiting and preparing students for civilian careers in the fields of nonproliferation, arms control, and international security to meet the critical needs of the Department of State.

(2) SELECTION OF RECIPIENTS.—

(A) MERIT AND DEPARTMENT NEEDS.—Individuals shall be selected to receive scholarships under this section through a competitive process primarily on the basis of academic merit and the arms control and nonproliferation needs of the Department of State.

(B) DEMONSTRATED COMMITMENT.—Individuals selected under this section shall have a demonstrated interest in public service and a commitment to the field of study for which the scholarship is awarded.

(3) CONTRACTUAL AGREEMENTS.—In order to carry out the scholarship program, the Secretary shall enter into contractual agreements with individuals selected under paragraph (2) pursuant to which such individuals agree to serve as full-time employees of the Department of State following achievement of the specified degree, for a period to be de-

termined by the Secretary, not to exceed 6 years, in arms control and nonproliferation positions needed by the Department of State and for which the individuals are qualified, in exchange for receiving a scholarship.

(b) ELIGIBILITY.—Except as provided in subsection (f), in order to be eligible to participate in the scholarship program, an individual shall—

(1) be enrolled or accepted for enrollment as a full-time student at an institution of higher education and be pursuing or intend to pursue an undergraduate or graduate education degree in an academic field or discipline specified in the list made available under subsection (d); and

(2) be a United States citizen.

(c) APPLICATION.—An individual seeking a scholarship under this section shall submit to the Secretary an application at such time, in such manner, and containing such information, agreements, or assurances as the Secretary may require.

(d) PROGRAMS AND FIELDS OF STUDY.—The Secretary shall make publicly available a list of academic programs and fields of study for which scholarships under this section may be awarded.

(e) SCHOLARSHIPS.—

(1) IN GENERAL.—The Secretary may award a scholarship under this section for an academic year if the individual applying for the scholarship has submitted to the Secretary, as part of the application required under subsection (c), a proposed academic program leading to a degree in a program or field of study specified on the list made available under subsection (d).

(2) LIMITATION ON YEARS.—An individual may not receive a scholarship under this section for more than 4 academic years, unless the Secretary grants a waiver.

(3) STUDENT RESPONSIBILITIES.—A scholarship recipient shall maintain satisfactory academic progress for purposes of continued participation in the scholarship program.

(4) AMOUNT.—The dollar amount of a scholarship awarded under this section for an academic year shall be determined under regulations issued by the Secretary, but shall in no case exceed the cost of tuition, fees, and other authorized expenses as determined by the Secretary.

(5) USE OF SCHOLARSHIPS.—A scholarship awarded under this section may be expended for tui-

tion, fees, and other authorized expenses as established by the Secretary by regulation.

(6) PAYMENT TO INSTITUTION OF HIGHER EDUCATION.—The Secretary may enter into a contractual agreement with an institution of higher education under which the amounts provided for a scholarship under this section for tuition, fees, and other authorized expenses are paid directly to the institution with respect to which such scholarship is awarded.

(f) SPECIAL CONSIDERATION FOR CURRENT EMPLOYEES.—Notwithstanding subsection (b), up to 5 percent of the scholarships awarded under this section may be set aside for individuals who are Federal employees on the date of the enactment of this Act to enhance the education of such employees in areas of critical arms control or nonproliferation needs of the Department of State, for undergraduate or graduate education through enrollment in a graduate degree program under the scholarship on a full-time or part-time basis.

(g) REPAYMENT.—

(1) IN GENERAL.—A scholarship recipient who fails to maintain a high level of academic standing, as defined by the Secretary who is dismissed for disciplinary reasons from the educational institution

such recipient is attending, or who voluntarily terminates academic training before graduation from the educational program for which the scholarship was awarded shall be in breach of the contractual agreement under subsection (a)(3) and, in lieu of any service obligation arising under such agreement, shall be liable to the United States for repayment within 1 year after the date of such default of all scholarship funds paid to such recipient and to the institution of higher education on the behalf of such recipient under such agreement. The repayment period may be extended by the Secretary if the Secretary determines such extension to be necessary, as established by regulation.

(2) LIABILITY.—A scholarship recipient who, for any reason, fails to begin or complete the service obligation under the contractual agreement under subsection (a)(3) after completion of academic training, or fails to comply with the terms and conditions of deferment established by the Secretary under paragraph (1), shall be in breach of such contractual agreement and shall be liable to the United States for an amount equal to—

(A) the total amount of the scholarship received by such recipient under this section; and

(B) the total amount of interest that would have been payable under a direct unsubsidized loan issued through the Department of Education's Direct Loan Program.

(h) REGULATIONS.—The Secretary shall prescribe regulations necessary to carry out this section.

(i) CONVERSION.—The Secretary is authorized to convert the status of a scholarship recipient to a member of the Foreign Service, as defined in section 103 of the Foreign Service Act of 1980, following the successful completion of the period of service described in subsection (a)(3).

SEC. 5116. ARMS CONTROL AND NONPROLIFERATION ROTATION PROGRAM.

(a) ESTABLISHMENT.—The Secretary, in consultation with the heads of other relevant Federal agencies, shall establish the Arms Control and Nonproliferation Rotation Program (in this section referred to as the ''Rotation Program'') for personnel of such agencies. The Rotation Program shall use applicable best practices, including those prescribed by the Chief Human Capital Officers Council. Personnel of a relevant Federal agency participating in the Rotation Program may be detailed to any other relevant Federal agency on a nonreimbursable basis.

(b) GOALS.—The Rotation Program shall—

(1) be established in accordance with the human capital strategic plan of the Department of State;

(2) provide midlevel personnel of relevant Federal agencies the opportunity to broaden their knowledge through exposure to other relevant Federal agencies, including to other bureaus and offices of the Department of State;

(3) expand the knowledge base of the Department of State and other relevant Federal agencies;

(4) build professional relationships and contacts among employees of relevant Federal agencies;

(5) invigorate the Department of State's arms control and nonproliferation workforce with professionally rewarding opportunities; and

(6) incorporate human capital strategic plans and activities of the Department of State, and address critical human capital deficiencies, professional development, recruitment and retention efforts, and succession planning within the Department of State.

(c) RESPONSIBILITIES.—The Secretary shall—

(1) provide oversight of the establishment and implementation of the Rotation Program;

(2) establish a framework that supports the goals of the Rotation Program and promotes cross disciplinary rotational opportunities;

(3) establish eligibility for personnel of other relevant agencies to participate in the Rotation Program and select participants from among the applicants;

(4) establish incentives for personnel to participate in the Rotation Program, including through promotions and employment preferences;

(5) ensure that the Rotation Program provides professional education and training;

(6) ensure that the Rotation Program develops qualified employees and future leaders with broad based experience throughout the Department of State; and

(7) provide for greater interaction among employees of relevant Federal agencies.

(d) ALLOWANCES, PRIVILEGES, AND BENEFITS.—All allowances, privileges, rights, seniority, and other benefits of personnel participating in the Rotation Program shall be preserved.

(e) REPORTING.—Not later than 1 year after the date of the establishment of the Rotation Program, the Secretary shall submit to the appropriate congressional

committees and the Committee on Armed Services of the House of Representatives and the Committee on Armed Services of the Senate a report on the status of the Rotation Program, including a description of the Rotation Program, the number of individuals participating, and how the Rotation Program is used in succession planning and leadership development.

(f) DEFINITION.—For the purposes of this section, the term ''relevant Federal agency'' means the Department of State and any other Federal agency that is involved in United States arms control and nonproliferation activities.

CHAPTER 2—MISSILE NONPROLIFERATION

SEC. 5121. LICENSING.

(a) ESTABLISHMENT OF LIST OF CONTROLLED ITEMS.—The Secretary, in consultation with the Secretary of Defense and the heads of other appropriate Federal agencies, shall establish and maintain, as part of the United States Munitions List, a list of all items on the Missile Technology Control Regime (MTCR) Annex the export of which is not controlled under section 6(l) of the Export Administration Act of 1979 (as continued in effect under the International Emergency Economic Powers Act).

(b) REFERRAL OF LICENSE APPLICATIONS.—

(1) IN GENERAL.—A determination of the Secretary to approve a license for the export of an item on the list established under subsection (a) may be made only after the license application is referred to the Secretary of Defense.

(2) COORDINATION.—Not later than 10 days after a license is issued for the export of an item on the list established under subsection (a), the Secretary shall provide to the Secretary of Defense and the Secretary of Commerce the license application and accompanying documents issued to the applicant, to the extent that the relevant Secretary indicates the need to receive such application and documents.

(c) INFORMATION SHARING.—The Secretary shall establish a procedure for sharing information with appropriate officials of the intelligence community, as determined by the Director of National Intelligence, and with other appropriate Federal departments and agencies, that will ensure effective monitoring of transfers of MTCR equipment or technology and other missile technology.

(d) EXPORTS TO SPACE LAUNCH VEHICLE PROGRAMS.—Not later than 15 days after the issuance of a license (including any brokering license) for the export of

items valued at less than $50,000,000 that are controlled under this Act pursuant to United States obligations under the MTCR and are goods or services that are intended to support the design, utilization, development, or production of a space launch vehicle system listed in Category I of the MTCR Annex, the Secretary shall transmit to the Congress a report describing the licensed export and rationale for approving such export, including the consistency of such export with United States missile nonproliferation policy. The requirement contained in the preceding sentence shall not apply to licenses for exports to countries that were members of the MTCR as of April 17, 1987.

SEC. 5122. DENIAL OF THE TRANSFER OF MISSILE EQUIPMENT OR TECHNOLOGY BY UNITED STATES PERSONS.

(a) SANCTIONS.—

(1) IN GENERAL.—If the President determines that a United States person knowingly—

(A) exports, transfers, or otherwise engages in the trade of any item on the MTCR Annex, in violation of the provisions of section 4311 of this Act, section 5 or 6 of the Export Administration Act of 1979 (as continued in effect under the International Emergency Eco-

nomic Powers Act), or any regulations or orders issued under any such provisions of law,

(B) conspires to or attempts to engage in such export, transfer, or trade, or

(C) facilitates such export, transfer, or trade by any other person,

then the President shall impose the applicable sanctions described in paragraph (2).

(2) APPLICABLE SANCTIONS.—The sanctions which apply to a United States person under paragraph (1) are the following:

(A) If the item on the MTCR Annex involved in the export, transfer, or trade is missile equipment or technology within category II of the MTCR Annex, then the President shall deny to such United States person for a period of 2 years—

(i) United States Government contracts relating to missile equipment or technology; and

(ii) licenses for the transfer of missile equipment or technology controlled under this Act.

(B) If the item on the MTCR Annex involved in the export, transfer, or trade is missile

equipment or technology within category I of the MTCR Annex, then the President shall deny to such United States person for a period of not less than 2 years—

(i) all United States Government contracts, and

(ii) all export licenses and agreements for items on the United States Munitions List.

(b) DISCRETIONARY SANCTIONS.—In the case of any determination made pursuant to subsection (a), the President may pursue any penalty provided in section 4372.

(c) PRESUMPTION.—In determining whether to apply sanctions under subsection (a) to a United States person involved in the export, transfer, or trade of an item on the MTCR Annex, it should be a rebuttable presumption that such item is designed for use in a missile listed in the MTCR Annex if the President determines that the final destination of the item is a country the government of which the Secretary has determined, for purposes of 6(j)(1)(A) of the Export Administration Act of 1979 (as continued in effect under the International Emergency Economic Powers Act), has repeatedly provided support for acts of international terrorism (as such term is defined in section 10401(h)).

(d) WAIVER.—The President may waive the imposition of sanctions under subsection (a) with respect to a product or service if the President certifies to Congress that—

(1) the product or service is essential to the national security of the United States; and

(2) such person is a sole source supplier of the product or service, the product or service is not available from any alternative reliable supplier, and the need for the product or service cannot be met in a timely manner by improved manufacturing processes or technological developments.

SEC. 5123. TRANSFERS OF MISSILE EQUIPMENT OR TECHNOLOGY BY FOREIGN PERSONS.

(a) SANCTIONS.—

(1) IN GENERAL.—Subject to subsections (c) through (g), if the President determines that a foreign person, after the date of the enactment of this Act, knowingly—

(A) exports, transfers, or otherwise engages in the trade of any MTCR equipment or technology that contributes to the acquisition, design, development, or production of missiles in a country that is not an MTCR adherent and would be, if it were United States-origin equip-

ment or technology, subject to the jurisdiction of the United States under this Act,

(B) conspires to or attempts to engage in such export, transfer, or trade, or

(C) facilitates such export, transfer, or trade by any other person,

or if the President has made a determination with respect to a foreign person under section 11B(b)(1) of the Export Administration Act of 1979 (as continued in effect under the International Emergency Economic Powers Act), then the President shall impose on that foreign person the applicable sanctions described in paragraph (2).

(2) APPLICABLE SANCTIONS.—The sanctions which apply to a foreign person under paragraph (1) are the following:

(A) If the item involved in the export, transfer, or trade is within category II of the MTCR Annex, then the President shall deny, for a period of 2 years—

(i) United States Government contracts relating to missile equipment or technology; and

(ii) licenses for the transfer to such foreign person of missile equipment or technology controlled under this Act.

(B) If the item involved in the export, transfer, or trade is within category I of the MTCR Annex, then the President shall deny, for a period of not less than 2 years—

(i) all United States Government contracts with such foreign person; and

(ii) licenses for the transfer to such foreign person of all items on the United States Munitions List.

(C) If, in addition to actions taken under subparagraphs (A) and (B), the President determines that the export, transfer, or trade has substantially contributed to the design, development, or production of missiles in a country that is not an MTCR adherent, then the President shall prohibit, for a period of not less than 2 years, the importation into the United States of products produced by that foreign person.

(b) INAPPLICABILITY WITH RESPECT TO MTCR ADHERENTS.—Subsection (a) does not apply with respect to—

(1) any export, transfer, or trading activity that is authorized by the laws of an MTCR adherent, if such authorization is not obtained by misrepresentation or fraud; or

(2) any export, transfer, or trade of an item to an end user in a country that is an MTCR adherent.

(c) EFFECT OF ENFORCEMENT ACTIONS BY MTCR ADHERENTS.—Sanctions set forth in subsection (a) may not be imposed under this section on a person with respect to acts described in such subsection or, if such sanctions are in effect against a person on account of such acts, such sanctions shall be terminated, if an MTCR adherent is taking judicial or other enforcement action against that person with respect to such acts, or that person has been found by the government of an MTCR adherent to be innocent of wrongdoing with respect to such acts, and if the President certifies to the appropriate congressional committees that—

(1) for any judicial or other enforcement action taken by the MTCR adherent, such action has—

(A) been comprehensive; and

(B) been performed to the satisfaction of the United States; and

(2) with respect to any finding of innocence of wrongdoing, the United States is satisfied with the basis for such finding.

(d) ADVISORY OPINIONS.—The Secretary, in consultation with the Secretary of Defense and the Secretary of Commerce, may, upon the request of any person, issue an advisory opinion to that person as to whether a proposed activity by that person would subject that person to sanctions under this section. Any person who relies in good faith on such an advisory opinion which states that the proposed activity would not subject a person to such sanctions, and any person who thereafter engages in such activity, may not be made subject to such sanctions on account of such activity.

(e) WAIVER AND REPORT TO CONGRESS.—

(1) IN GENERAL.—In any case other than one in which an advisory opinion has been issued under subsection (d) stating that a proposed activity would not subject a person to sanctions under this section, the President may waive the application of subsection (a) to a foreign person if the President determines that such waiver is essential to the national security of the United States.

(2) NOTIFICATION.—In the event that the President decides to apply the waiver described in

paragraph (1), the President shall so notify the Committee on Armed Services and the Committee on Foreign Relations of the Senate and the Committee on Armed Services and the Committee on Foreign Affairs of the House of Representatives not less than 45 working days before issuing the waiver. Such notification shall include a report fully articulating the rationale and circumstances which led the President to apply the waiver.

(f) PRESUMPTION.—In determining whether to apply sanctions under subsection (a) to a foreign person involved in the export, transfer, or trade of an item on the MTCR Annex, it should be a rebuttable presumption that such item is designed for use in a missile listed in the MTCR Annex if the President determines that the final destination of the item is a country the government of which the Secretary has determined, for purposes of 6(j)(1)(A) of the Export Administration Act of 1979 (as continued in effect under the International Emergency Economic Powers Act), has repeatedly provided support for acts of international terrorism (as such term is defined in section 10401(h)).

(g) ADDITIONAL WAIVER.—The President may waive the imposition of sanctions under subsection (a) on a per-

son with respect to a product or service if the President certifies to the Congress that—

(1) the product or service is essential to the national security of the United States; and

(2) such person is a sole source supplier of the product or service, the product or service is not available from any alternative reliable supplier, and the need for the product or service cannot be met in a timely manner by improved manufacturing processes or technological developments.

(h) EXCEPTIONS.—The President shall not apply the sanction under this section prohibiting the importation of the products of a foreign person—

(1) in the case of procurement of defense articles or defense services—

(A) under existing contracts or subcontracts, including the exercise of options for production quantities to satisfy requirements essential to the national security of the United States;

(B) if the President determines that the person to which the sanctions would be applied is a sole source supplier of the defense articles and defense services, that the defense articles or defense services are essential to the national

security of the United States, and that alternative sources are not readily or reasonably available; or

(C) if the President determines that such articles or services are essential to the national security of the United States under defense coproduction agreements or NATO Programs of Cooperation;

(2) to products or services provided under contracts entered into before the date on which the President publishes his intention to impose the sanctions; or

(3) to—

(A) spare parts,

(B) component parts, but not finished products, essential to United States products or production,

(C) routine services and maintenance of products, to the extent that alternative sources are not readily or reasonably available; or

(D) information and technology essential to United States products or production.

SEC. 5124. NOTIFICATION OF ADMITTANCE OF MTCR ADHERENTS.

(a) POLICY REPORT.—Following any action by the United States that results in a country becoming a MTCR adherent, the President shall transmit promptly to the Congress a report which describes the rationale for such action, together with an assessment of that country's nonproliferation policies, practices, and commitments. Such report shall also include the text of any agreements or understandings between the United States and such country regarding the terms and conditions of the country's adherence to the MTCR.

(b) INTELLIGENCE ASSESSMENT REPORT.—At such times that a report is transmitted pursuant to subsection (a), the Director of National Intelligence shall promptly prepare and submit to Congress a separate report containing any credible information indicating that the country described in subsection (a) has engaged in any activity identified under subparagraph (A), (B), or (C) of section 5123(a)(1) within the previous two years.

SEC. 5125. AUTHORITY RELATING TO MTCR ADHERENTS.

Notwithstanding section 5123(b), the President may take the actions under section 5123(a)(2) under the circumstances described in section 5126(b)(2).

SEC. 5126. DEFINITIONS.

(a) IN GENERAL.—In this chapter—

(1) the term ''missile'' means a category I system as defined in the MTCR Annex, and any other unmanned delivery system of similar capability, as well as the specially designed production facilities for these systems;

(2) the term ''Missile Technology Control Regime'' or ''MTCR'' means the policy statement, between the United States, the United Kingdom, the Federal Republic of Germany, France, Italy, Canada, and Japan, announced on April 16, 1987, to restrict sensitive missile-relevant transfers based on the MTCR Annex, and any amendments thereto;

(3) the term ''MTCR adherent'' means a country that participates in the MTCR or that, pursuant to an international understanding to which the United States is a party, controls MTCR equipment or technology in accordance with the criteria and standards set forth in the MTCR;

(4) the term ''MTCR Annex'' means the Guidelines and Equipment and Technology Annex of the MTCR, and any amendments thereto;

(5) the terms ''missile equipment or technology'' and ''MTCR equipment or technology'' mean those items listed in category I or category II of the MTCR Annex;

(6) the term ''United States person'' has the meaning given that term in section 16(2) of the Export Administration Act of 1979 (as continued in effect under the International Emergency Economic Powers Act);

(7) the term ''foreign person'' means any person other than a United States person;

(8) the term ''person''—

(A) means a natural person as well as a corporation, business association, partnership, society, trust, any other nongovernmental entity, organization, or group, and any governmental entity operating as a business enterprise, and any successor of any such entity; and

(B) in the case of a country with a nonmarket economy (excluding former members of the Warsaw Pact), includes—

(i) all activities of that government relating to the development or production of any missile equipment or technology; and

(ii) all activities of that government affecting the development or production of electronics, space systems or equipment, and military aircraft; and

(9) the term ''otherwise engaged in the trade of'' means, with respect to a particular export or transfer, to be a freight forwarder or designated exporting agent, or a consignee or end user of the item to be exported or transferred.

(b) INTERNATIONAL UNDERSTANDING DEFINED.—For purposes of subsection (a)(3), as it relates to any international understanding concluded with the United States after January 1, 2000, the term ''international understanding'' means—

(1) any specific agreement by a country not to export, transfer, or otherwise engage in the trade of any MTCR equipment or technology that contributes to the acquisition, design, development, or production of missiles in a country that is not an MTCR adherent and would be, if it were United States-origin equipment or technology, subject to the jurisdiction of the United States under this Act; or

(2) any specific understanding by a country that, notwithstanding section 5123(b), the United States retains the right to take the actions under section 5123(a)(2) in the case of any export or transfer of any MTCR equipment or technology that contributes to the acquisition, design, development, or production of missiles in a country that is not an

MTCR adherent and would be, if it were United States-origin equipment or technology, subject to the jurisdiction of the United States under this Act.

CHAPTER 3—CHEMICAL AND BIOLOGICAL NONPROLIFERATION

SEC. 5131. SANCTIONS AGAINST CERTAIN FOREIGN PERSONS.

(a) IMPOSITION OF SANCTIONS.—

(1) DETERMINATION BY THE PRESIDENT.—Except as provided in subsection (b)(2), the President shall impose both of the sanctions described in subsection (c) if the President determines that a foreign person, on or after the date of the enactment of this section, has knowingly and materially contributed—

(A) through the export from the United States of any goods or technology that are subject to the jurisdiction of the United States,

(B) through the export from any other country of any goods or technology that would be, if they were United States goods or technology, subject to the jurisdiction of the United States, or

(C) through any other transaction not subject to sanctions pursuant to the Export Administration Act of 1979 (as continued in effect

under the International Emergency Economic Powers Act),

to the efforts by any foreign country, project, or entity described in paragraph (2) to use, develop, produce, stockpile, or otherwise acquire chemical or biological weapons.

(2) COUNTRIES, PROJECTS, OR ENTITIES RECEIVING ASSISTANCE.—Paragraph (1) applies in the case of—

(A) any foreign country that the President determines has, at any time after January 1, 1980—

(i) used chemical or biological weapons in violation of international law;

(ii) used lethal chemical or biological weapons against its own nationals; or

(iii) made substantial preparations to engage in the activities described in clause (i) or (ii);

(B) any foreign country whose government is determined to be a government that has repeatedly provided support for acts of international terrorism for purposes of section 6(j) of the Export Administration Act of 1979 (as continued in effect under the International

Emergency Economic Powers Act) or section 10401 of this Act; or

(C) any other foreign country, project, or entity designated by the President for purposes of this section.

(3) PERSONS AGAINST WHOM SANCTIONS ARE TO BE IMPOSED.—Sanctions shall be imposed pursuant to paragraph (1) on—

(A) the foreign person with respect to which the President makes the determination described in that paragraph;

(B) any successor entity to that foreign person;

(C) any foreign person that is a parent or subsidiary of that foreign person if that parent or subsidiary knowingly assisted in the activities which were the basis of that determination; and

(D) any foreign person that is an affiliate of that foreign person if that affiliate knowingly assisted in the activities which were the basis of that determination and if that affiliate is controlled in fact by that foreign person.

(b) CONSULTATIONS WITH AND ACTIONS BY FOREIGN GOVERNMENT OF JURISDICTION.—

(1) CONSULTATIONS.—If the President makes the determinations described in subsection (a)(1) with respect to a foreign person, the Congress urges the President to initiate consultations immediately with the government with primary jurisdiction over that foreign person with respect to the imposition of sanctions pursuant to this section.

(2) ACTIONS BY GOVERNMENT OF JURISDICTION.—In order to pursue such consultations with that government, the President may delay imposition of sanctions pursuant to this section for a period of up to 90 days. Following these consultations, the President shall impose sanctions unless the President determines and certifies to Congress that such government has taken specific and effective actions, including appropriate penalties, to terminate the involvement of the foreign person in the activities described in subsection (a)(1). The President may delay imposition of sanctions for an additional period of up to 90 days if the President determines and certifies to Congress that such government is in the process of taking the actions described in the preceding sentence.

(3) REPORT TO CONGRESS.—The President shall report to Congress, not later than 90 days

after making a determination under subsection (a)(1), on the status of consultations with the appropriate government under this subsection, and the basis for any determination under paragraph (2) of this subsection that such government has taken specific corrective actions.

(c) SANCTIONS.—

(1) DESCRIPTION OF SANCTIONS.—The sanctions to be imposed pursuant to subsection (a)(1) are, except as provided in paragraph (2) of this subsection, the following:

(A) PROCUREMENT SANCTION.—The United States Government shall not procure, or enter into any contract for the procurement of, any goods or services from any person described in subsection (a)(3).

(B) IMPORT SANCTIONS.—The importation into the United States of products produced by any person described in subsection (a)(3) shall be prohibited.

(2) EXCEPTIONS.—The President shall not be required to apply or maintain sanctions under this section—

(A) in the case of procurement of defense articles or defense services—

(i) under existing contracts or subcontracts, including the exercise of options for production quantities to satisfy United States operational military requirements;

(ii) if the President determines that the person or other entity to which the sanctions would otherwise be applied is a sole source supplier of the defense articles or defense services, that the defense articles or defense services are essential, and that alternative sources are not readily or reasonably available; or

(iii) if the President determines that such articles or services are essential to the national security under defense coproduction agreements;

(B) to products or services provided under contracts entered into before the date on which the President publishes his intention to impose sanctions;

(C) to—

(i) spare parts,

(ii) component parts, but not finished products, essential to United States products or production, or

(iii) routine servicing and maintenance of products, to the extent that alternative sources are not readily or reasonably available;

(D) to information and technology essential to United States products or production; or

(E) to medical or other humanitarian items.

(d) TERMINATION OF SANCTIONS.—The sanctions imposed pursuant to this section shall apply for a period of at least 12 months following the imposition of sanctions and shall cease to apply thereafter only if the President determines and certifies to the Congress that reliable information indicates that the foreign person with respect to which the determination was made under subsection (a)(1) has ceased to aid or abet any foreign government, project, or entity in its efforts to acquire chemical or biological weapons capability as described in that subsection.

(e) WAIVER.—

(1) CRITERION FOR WAIVER.—The President may waive the application of any sanction imposed on any person pursuant to this section, after the end of the 12-month period beginning on the date on which that sanction was imposed on that person, if the President determines and certifies to the Con-

gress that such waiver is important to the national security interests of the United States.

(2) NOTIFICATION OF AND REPORT TO CONGRESS.—If the President decides to exercise the waiver authority provided in paragraph (1), the President shall so notify the Congress not less than 20 days before the waiver takes effect. Such notification shall include a report fully articulating the rationale and circumstances which led the President to exercise the waiver authority.

(f) DEFINITION OF FOREIGN PERSON.—For the purposes of this section, the term ''foreign person'' means—

(1) an individual who is not a citizen of the United States or an alien admitted for permanent residence to the United States; or

(2) a corporation, partnership, or other entity which is created or organized under the laws of a foreign country or which has its principal place of business outside the United States.

Subtitle B—Counter-Narcotics Authorities

SEC. 5201. FINDINGS.

Congress finds the following:

(1) International narcotics trafficking poses a major transnational threat in today's world, and its

suppression is among the most important foreign policy objectives of the United States.

(2) International criminal activities, particularly international narcotics trafficking, money laundering, and corruption, endanger political and economic stability and democratic development, and assistance for the prevention and suppression of international criminal activities should be a priority for the United States.

(3) Effective international cooperation is necessary to control the illicit cultivation, production, and smuggling of, trafficking in, and abuse of narcotic and psychotropic drugs and other controlled substances.

(4) In order for countries to effectively combat narcotics trafficking and other transnational crimes, they must have a strong rule of law system, to include an honest police force, independent courts, and effective prisons.

(5) Given the magnitude of United States counter-narcotics efforts, as well as its impact and significance on other dimensions of United States bilateral relations, it is essential that a process be put into place that allows the periodic, comprehensive

evaluation of these efforts and their foreign policy implications.

SEC. 5202. STATEMENT OF POLICY.

It shall be the policy of the United States to—

(1) support international narcotics control programs that have, as priority goals, the suppression of the illicit manufacture of and trafficking in narcotic and psychotropic drugs and other controlled substances, money laundering, and the diversion of precursor chemicals, and the progressive elimination of the illicit cultivation of the crops from which narcotic and psychotropic drugs and other controlled substances are derived;

(2) encourage the international community to provide assistance, where appropriate, to those producer and transit countries that require assistance in discharging these primary obligations;

(3) use its voice and vote in multilateral development banks to promote the development and implementation in the major illicit drug producing countries of programs for the reduction and eventual eradication of narcotic drugs and other controlled substances, including appropriate assistance in conjunction with effective programs of illicit crop eradication;

(4) ensure that countries adopt comprehensive domestic measures against money laundering and cooperate with each other in money laundering investigations, prosecutions, and related forfeiture actions; and

(5) endeavor to develop and promote global, regional, sub-regional, and bilateral cooperation among judicial, law enforcement and financial regulatory authorities in order to combat money-laundering, narcotics trafficking, and other transnational crimes.

SEC. 5203. GOAL AND OBJECTIVES.

(a) GOAL.—The goal of foreign assistance under this subtitle is to help relevant countries build the capacity required to combat and reduce narcotics trafficking, money laundering, and other transnational crimes.

(b) OBJECTIVES.—In furtherance of the goal described in subsection (a), foreign assistance under this subtitle shall be provided to achieve the following objectives:

(1) Increase the professionalization, transparency, and accountability of law enforcement, judicial and penal personnel in the relevant country.

(2) Improve the ability of law enforcement to prevent crimes, pursue and apprehend criminals, and increase security within their country.

(3) Strengthen the capacity of the judicial system to hear and prosecute cases.

SEC. 5204. GENERAL AUTHORITIES.

(a) AUTHORITIES OF THE PRESIDENT.—The President is authorized to conclude agreements, including reciprocal maritime agreements, with United States State and local governments and with other countries to facilitate control of the production, processing, transportation, and distribution of narcotic and psychotropic drugs and other controlled substances.

(b) AUTHORITIES OF THE SECRETARY.—Notwithstanding any other provision of law restricting assistance to foreign countries except sections 10101, 10102, and 10401, the Secretary is authorized to provide foreign assistance to any country or international organization, on such terms and conditions as the Secretary may determine, for the control of narcotic and psychotropic drugs and other controlled substances, or for related anticrime purposes.

(c) COORDINATION OF ALL UNITED STATES ANTINARCOTICS ASSISTANCE TO FOREIGN COUNTRIES.—

(1) RESPONSIBILITY OF SECRETARY OF STATE.—The Secretary shall be responsible for coordinating and approving all foreign assistance provided by the United States Government to support

international efforts to combat crime and illicit narcotics production or trafficking.

(2) RULE OF CONSTRUCTION.—Nothing in paragraph (1) shall be construed to limit or impair the authority or responsibility of any other Federal agency with respect to law enforcement, domestic security operations, or intelligence activities as defined in Executive Order No. 12333.

(d) USE OF HERBICIDES FOR AERIAL ERADICATION.—

(1) MONITORING.—The Secretary, with the assistance of the heads of other appropriate Federal agencies, shall monitor any use under this subtitle of a herbicide for aerial eradication in order to determine the impact of such use on the environment and on the health of individuals.

(2) REPORT UPON DETERMINATION OF HARM TO ENVIRONMENT OR HEALTH.—If the Secretary determines that any such use is harmful to the environment or the health of individuals, the Secretary shall immediately report that determination to the appropriate congressional committees, together with such recommendations as the Secretary determines appropriate.

SEC. 5205. AUTHORIZATION OF BUREAU OF INTERNATIONAL NARCOTICS AND LAW ENFORCEMENT.

(a) ESTABLISHMENT.—There is established in the Department of State a Bureau of International Narcotics and Law Enforcement (in this section referred to as the ''Bureau'').

(b) HEAD OF BUREAU.—The head of the Bureau shall be an Assistant Secretary of International Narcotics and Law Enforcement.

(c) RESPONSIBILITIES.—The Bureau shall be responsible for supervision (including policy oversight of resources), coordinating, and overseeing programs related to international counternarcotics and law enforcement activities, including—

(1) strengthening criminal justice systems;

(2) countering the flow of illegal narcotics, including through building interdiction capabilities of partner countries and strengthening law enforcement and judicial authorities; and

(3) minimizing transnational crime

SEC. 5206. USE OF FUNDS.

(a) TREATMENT OF FUNDS.—Funds transferred to and consolidated with funds appropriated to carry out this subtitle may be made available on such terms and conditions as are applicable to funds appropriated to carry out

this subtitle. Funds so transferred or consolidated shall be apportioned directly to the bureau within the Department of State responsible for administering this subtitle.

(b) CONTRIBUTIONS.—

(1) IN GENERAL.—To ensure local commitment to the activities assisted under this subtitle, a country receiving assistance under this subtitle should contribute an appropriate share of the costs of any narcotics control program, project, or activity for which such assistance is to be provided. A country may contribute such costs on an in kind basis.

(2) ACCEPTANCE.—The Secretary is authorized to accept contributions from foreign governments to carry out the purposes of this subtitle. Such contributions shall be deposited as an offsetting collection to the applicable appropriation account and may be used under the same terms and conditions as funds appropriated to carry out this subtitle.

(c) ADMINISTRATIVE ASSISTANCE.—

(1) IN GENERAL.—Except as provided in paragraph (2), personnel funded pursuant to this section are authorized to provide administrative assistance to personnel assigned to the Bureau of International Narcotics and Law Enforcement.

(2) LIMITATION.—Paragraph (1) shall not apply to the extent that it would result in a reduction in funds available for counter-narcotics and anticrime assistance to foreign countries.

(d) ADVANCE NOTIFICATION OF TRANSFER OF SEIZED ASSETS.—The Secretary shall notify the appropriate congressional committees at least 10 days prior to any transfer by the United States Government to a foreign country for narcotics control purposes of any property or funds seized by or otherwise forfeited to the United States Government in connection with narcotics-related activity.

(e) EXCESS PROPERTY.—For purposes of this subtitle, the Secretary may use the authority of section 11506, without regard to the restrictions of such section, to receive nonlethal excess property from any United States Government department or agency for the purpose of providing such property to a foreign government under the same terms and conditions as funds authorized to be appropriated for the purposes of this subtitle.

SEC. 5207. REQUIREMENTS RELATING TO AIRCRAFT AND OTHER EQUIPMENT.

(a) RETENTION OF TITLE TO AIRCRAFT.—

(1) IN GENERAL.—

(A) LEASE OR LOAN BASIS.—Except as provided in paragraph (2), any aircraft made

available to a foreign country under this chapter, or made available to a foreign country primarily for narcotics-related purposes under any other provision of law, shall be provided only on a lease or loan basis.

(B) EFFECTIVE DATE.—Subparagraph (A) applies to aircraft made available at any time after the enactment of this Act.

(2) EXCEPTIONS.—

(A) CONTRARY TO NATIONAL INTEREST.—The Secretary is authorized to transfer title of aircraft by sale or grant if he or she—

(i) determines that the application of paragraph (1) with respect to particular aircraft would be contrary to the national interest of the United States; and

(ii) the Secretary notifies the appropriate congressional committees in accordance with the procedures applicable to reprogramming notifications under section 9401.

(B) FORFEITURE.—Paragraph (1) shall not apply with respect to aircraft made available to a foreign country under any provision of law that authorizes property that has been civ-

1 illy or criminally forfeited to the United States
2 to be made available to foreign countries.
3 (3) ASSISTANCE FOR LEASING OF AIRCRAFT.—
4 (A) IN GENERAL.—For purposes of satis-
5 fying the requirement of paragraph (1), funds
6 made available for the Foreign Military Financ-
7 ing Program under title IV may be used to fi-
8 nance the leasing of aircraft under that title.
9 (B) COST OF LEASE.—Section 4351(a)(3)
10 shall not apply with respect to leases so fi-
11 nanced, rather the entire cost of any such lease
12 (including any renewals) shall be an initial, one
13 time payment of the amount which would be
14 the sales price for the aircraft if they were sold
15 under section 4311(a)(2) or section 4312 (as
16 appropriate).
17 (b) PERMISSIBLE USES OF AIRCRAFT AND OTHER
18 EQUIPMENT.—
19 (1) IN GENERAL.—The Secretary shall take all
20 reasonable steps to ensure that aircraft and other
21 equipment made available to foreign countries under
22 this chapter are used only in ways that are con-
23 sistent with the purposes for which such equipment
24 was made available.

(2) EXCEPTION.—Paragraph (1) shall not apply to aircraft or other equipment if the Secretary makes a determination under section 11508(b) that there is an emergency need which requires the use of the aircraft or other equipment.

(c) REPORTS.—In the reports submitted pursuant to section 5211, the Secretary shall discuss—

(1) the actions taken by the United States Government to prevent misuse of such equipment by that foreign country; and

(2) any credible information indicating misuse by a foreign country of aircraft or other equipment made available under this chapter; and(3) the actions taken by the United States Government to prevent future misuse of such equipment by that foreign country.

(d) RECORDS OF AIRCRAFT USE.—

(1) REQUIREMENT TO MAINTAIN RECORDS.—The President shall maintain detailed records on the use of any aircraft made available to a foreign country under this chapter, including aircraft made available before the enactment of this section.

(2) CONGRESSIONAL ACCESS TO RECORDS.—The President shall make the records maintained

pursuant to paragraph (1) available upon request to the appropriate congressional committees.

SEC. 5208. RESTRICTIONS.

(a) PARTICIPATION IN FOREIGN POLICE ACTIONS.—Participation in foreign police actions under this subtitle shall be subject to the requirements of section 3303(d).

(b) PROCUREMENT OF WEAPONS AND AMMUNITION.—

(1) PROHIBITION.—Except as provided in paragraph (2), funds made available to carry out this subtitle shall not be made available for the procurement of weapons or ammunition.

(2) EXCEPTIONS.—Paragraph (1) shall not apply with respect to funds for the procurement of—

(A) weapons or ammunition provided only for the defensive arming of aircraft used for narcotics-related purposes; or

(B) firearms and related ammunition provided only for defensive purposes to employees or contract personnel of the Department of State engaged in activities under this subtitle, if, at least 15 days before obligating those funds, the President notifies the appropriate congressional committees in accordance with

the procedures applicable to reprogramming notifications under section 9401.

(c) LIMITATIONS ON ACQUISITION OF REAL PROPERTY AND CONSTRUCTION OF FACILITIES.—

(1) ACQUISITION OF REAL PROPERTY.—

(A) PROHIBITION.—Funds made available to carry out this subtitle may not be used to acquire (by purchase or other means) any land or other real property for use by foreign military, paramilitary, or law enforcement forces.

(B) EXCEPTION FOR CERTAIN LEASES.—Subparagraph (A) shall not apply to the acquisition of real property by lease of a duration not to exceed 2 years.

(C) EXCEPTION FOR INTERNATIONAL TRAINING ACADEMIES.—Subparagraph (A) shall not apply to the acquisition of land of real property for use as a training facility for judicial, prosecutorial, law enforcement, or regulatory officials.

(2) CONSTRUCTION OF FACILITIES.—

(A) LIMITATION.—Funds made available to carry out this subtitle may not be used for construction of facilities for use by foreign military, paramilitary, or law enforcement forces

unless, at least 15 days before obligating funds for such construction, the President notifies the appropriate congressional committees in accordance with procedures applicable to reprogramming notifications under section 9401.

(B) EXCEPTION.—Paragraph (1) shall not apply to the construction of facilities which would require the obligation of less than $750,000 under this subtitle.

SEC. 5209. INTERNATIONAL COUNTER-NARCOTICS STRATEGY.

(a) STRATEGY REQUIRED.—Not later than 1 year after the date of the enactment of this Act, and every 4 years thereafter, the Secretary shall submit to the appropriate congressional committees a comprehensive counter-narcotics strategy. The strategy shall include—

(1) a list of the countries which the Secretary determines to be—

(A) a major illicit drug-producing country;

(B) a major illicit drug-transit country;

(C) a major money-laundering country; or

(D) a major source of precursor chemicals;

(2) defined objectives for the activities of the Department of State relating to counter-narcotics, for each region and country it plans to target;

(3) a description of how such objectives relate to, are informed by, and will be coordinated with those of relevant countries, as well as with those of other bilateral and multilateral donors;

(4) a definition of the respective roles of each Federal department and agency in carrying out the strategy, and the mechanisms for coordination;

(5) a description of the types of policies and programs needed to achieve such objectives;

(6) an analysis of the key opportunities and challenges for achieving favorable results in the next 4-year period;

(7) a list of indicators and other measurements of success to be used in assessing impact, to include the indicators listed in section 5210(a)(6);

(8) the amounts devoted to similar purposes in the previous 4-year period, the results achieved and the lessons learned; and

(9) an estimate of the requirements for human and financial resources and overseas infrastructure to carry out the strategy over the next 4-year period.

(b) IMPLEMENTATION.—None of the funds made available under this title may be obligated or expended for any programs, projects, or activities to implement a strategy required under subsection (a) until at least 15 days

after the strategy is transmitted to the appropriate congressional committees pursuant to subsection (a).

(c) DEFINITIONS.—In this section—

(1) the term ''major illicit drug-producing country'' means a country that illicitly produces during a fiscal year 5 metric tons or more of opium or opium derivative, 500 metric tons or more of coca, or 500 metric tons or more of marijuana;

(2) the term ''major illicit drug-transit country'' means a country—

(A) that is a significant direct source of illicit narcotic or psychotropic drugs or other controlled substances significantly affecting the United States;

(B) through which are transported such drugs or substances; or

(C) through which significant sums of drug-related profits or monies are laundered with the knowledge or complicity of the government;

(3) the term ''major money-laundering country'' means a country whose financial institutions engage in currency transactions involving significant amounts of proceeds from international narcotics trafficking; and

(4) the term ''major source of precursor chemicals'' means a country that is among the top 5 producers or the top 5 exporters of a listed chemical under section 102(33) of the Controlled Substances Act (21 U.S.C. 802(33)).

SEC. 5210. INTERNATIONAL NARCOTICS CONTROL ASSISTANCE REPORT.

(a) REPORT.—Not later than 1 year after the date of the enactment of this Act, and annually thereafter, the President shall transmit to the appropriate congressional committees a report on international narcotics control assistance. Such report shall, for each country—

(1) describe the types and amounts of international narcotics control assistance provided or proposed to be provided by each Federal agency for the preceding fiscal year, the current fiscal year, and the next fiscal year;

(2) include all transfers that were made by each Federal agency during the preceding fiscal year for narcotics control or anti-crime purposes of any property seized by or otherwise forfeited to the United States Government in connection with narcotics-related activity, including an estimate of the fair market value and physical condition of each item of property transferred;

(3) discuss the extent to which the country is meeting the goals and objectives of the United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, and the key areas in which improvements are needed;

(4) explain how the strategy described under section 5209 is being implemented;

(5) describe any progress made toward achieving the goal and objectives in section 5203;

(6) identify the indicators and metrics to be used in assessing the impact of international narcotics control assistance, including the impact of the use of herbicides for aerial eradication on the environment, the health of individuals, and internal displacement; and

(7) list any contributions under section 5206(b) received in the preceding fiscal year, the amount of such contributions, and the purposes for which such contributions were used.

(b) DEFINITION.—In this section, the term ''international narcotics control assistance'' means foreign assistance provided by any Federal agency to combat or control the transit, production, or financing of illicit narcotics.

SEC. 5211. NARCOTICS STRATEGY EVALUATION.

(a) IN GENERAL.—The Comptroller General of the United States shall conduct an impact evaluation of programs carried out by the Bureau of International Narcotics and Law Enforcement, using rigorous quantitative data analysis. The evaluation shall measure progress made on the following indicators, as appropriate:

(1) Supply Side Factors, such as—

(A) estimated illicit drug production;

(B) estimated illicit drug transshipment;

(C) estimated illicit drug production and transshipment as a percentage of GDP;

(D) number of individuals and households estimated to be involved in illicit drug production and transshipment;

(E) number and average size of illicit drug-crop cultivation plots;

(F) farm-gate price of illicit drug crop; and

(G) in-country price and purity of illicit drug.

(2) Disruption of Networks, such as—

(A) drug seizures as a percentage of total estimated drug production and transshipment; and

(B) arrests and convictions of major narcotics-related organized crime figures.

(3) Economic well-being and governance, such as—

(A) presence of government institutions (such as security forces, civilian ministries, local government, justice system) in zones of greatest drug production;

(B) perceptions of police competence;

(C) number of individuals and households formerly involved in drug production and transshipment who are now benefitting from development and alternative income programs;

(D) level of drug-related violence as a percentage of overall violence; and

(E) poverty and unemployment rates in departments, States or provinces with the greatest drug production and transshipment.

(b) SUBMISSION.—The results of the evaluation required under subsection (a) shall be submitted to the appropriate congressional committees not later than 4 years after the date of the enactment of this Act and every 4 years thereafter.

Subtitle C—Counter-Terrorism Authorities

SEC. 5301. PURPOSES.

Activities conducted under this subtitle shall be designed to—

(1) build the capacity of foreign law enforcement and security personnel to detect, deter and counter terrorism;

(2) counter and ameliorate the conditions and circumstances that foster terrorist and violent extremist ideologies, activity and recruitment;

(3) increase respect for human rights by sharing with foreign civil authorities modern, humane, and effective antiterrorism techniques; and

(4) enhance bilateral and multilateral partnerships to counter terrorism and violent extremism.

SEC. 5302. ASSISTANCE TO COUNTRIES AND MULTILATERAL ORGANIZATIONS FOR COUNTER-TERRORISM ACTIVITIES.

(a) ASSISTANCE TO COUNTRIES.—

(1) IN GENERAL.—Notwithstanding any other provision of law that restricts assistance to foreign countries (other than sections 10101, 10102, 10401, and 10402), the Secretary, acting through the Assistant Secretary for Counterterrorism or other ap-

propriate senior official, is authorized to provide, on such terms and conditions as the Secretary may determine—

(A) assistance to foreign countries in order to enhance the ability of their law enforcement and security personnel to deter terrorists and terrorist groups from engaging in international terrorist acts such as bombing, kidnaping, assassination, hostage taking, and hijacking; and

(B) in coordination with the Administrator, assistance to foreign countries, including nongovernmental organizations, to enhance their ability to counter violent extremism and radicalization and to counter the appeal of terrorist and other extremist organizations.

(2) ASSISTANCE.—Assistance under paragraph (1)(A) may include the following:

(A) Consistent with section 3303, the provision of equipment, supplies, and training to build the capacity of foreign law enforcement or security forces to conduct counter-terrorist operations and respect human rights.

(B) Training services and the provision of equipment and other commodities related to detection and disposal of bombs (including impro-

vised explosive devices), management of hostage situations, physical security, and other matters relating to the detection, deterrence, and prevention of acts of terrorism, the resolution of terrorist incidents, and the apprehension of those involved in such acts.

(C) Support and cooperation with foreign banking, regulatory, and other officials to counter the financing of terrorist activities.

(b) ASSISTANCE TO MULTILATERAL ORGANIZATIONS.—The Secretary is authorized to provide, on such terms and conditions as the Secretary may determine, support to multilateral organizations for international and regional counterterrorism cooperation programs, including the Regional Strategic Initiative. Such support may be provided in the form of grants, contracts, or voluntary contributions to such organizations.

(c) PAYMENT.—

(1) IN GENERAL.—If the Secretary determines it to be consistent with and in furtherance of the purposes of this subtitle, and on such terms and conditions consistent with this Act as the Secretary may determine, any Federal agency is authorized to provide services and commodities, without charge to funds available to carry out this subtitle, to an eligi-

ble foreign country, subject to payment in advance of the value thereof (within the meaning of section 4411) in United States dollars by the foreign country.

(2) CREDITING.—Collections under this subtitle shall be credited to the currently applicable appropriation, account, or fund of the agency providing such services and commodities and shall be available for the purposes for which such appropriation, account, or fund is authorized to be used.

(3) VALUE.—The value in terms of original acquisition cost of all equipment and commodities provided under this subtitle in any fiscal year shall not exceed 30 percent of the funds made available to carry out this subtitle for that fiscal year.

(d) CONSULTATION.—Consistent with section 1(c)(2)(C) of the State Department Basic Authorities Act of 1956 (as added by section 3105), the Assistant Secretary of State for Democracy, Human Rights and Labor shall be consulted in determinations of foreign countries that will be provided assistance under this subtitle and determinations of the nature of assistance to be provided to each such country.

(e) LIMITATION.—Arms and ammunition may be provided under this subtitle only if such arms and ammunition are directly related to counterterrorism assistance.

(f) RULE OF CONSTRUCTION.—Nothing in this subtitle shall apply to information exchange activities conducted by Federal agencies under any other authority for such purposes

SEC. 5303. COUNTER-TERRORISM RESPONSIBILITIES OF THE DEPARTMENT OF STATE.

(a) IN GENERAL.—Section 1 of the State Department Basic Authorities Act of 1956 (22 U.S.C. 2651a) is amended—

(1) in subsection (c)(1), by striking ''24'' and inserting ''25''; and

(2) in subsection (e) to read as follows:

''(e) COUNTERTERRORISM RESPONSIBILITIES.—

''(1) IN GENERAL.—The Secretary of State shall be responsible for the overall supervision (including policy oversight of resources) of counterterrorism activities and may designate an Assistant Secretary or other senior official, who may report directly to the Secretary as appropriate, to assist in such activities.

''(2) TRANSFER AUTHORITY.—The Secretary of State may transfer any authority, duty, or function

assigned to the Coordinator for Counterterrorism or to the Office of the Coordinator for Counterterrorism to the Assistant Secretary or other senior official designated by the Secretary of State under paragraph (1) or to the Bureau of Counterterrorism (as the case may be).''.

(b) CONFORMING AMENDMENT.—Section 5315 of title 5, United States Code, is amended in the item relating to Assistant Secretaries of State, by striking ''(24)'' and inserting ''(25)''.

TITLE VI—SUSTAINING THE GLOBAL ENVIRONMENT

SEC. 6001. FINDINGS AND STATEMENT OF POLICY.

(a) FINDINGS.—Congress finds the following:

(1) Sound natural resource management, healthy ecosystems, and biological diversity are vital to alleviating poverty in developing countries that depend on natural resources for water, food, medicine, energy, household products, and tourism and trade.

(2) Proper management and protection of natural resources can mitigate instability, conflict, and corruption in many developing countries.

(3) Poaching and the illegal trafficking of wildlife represent significant threats to preserving bio-

logical diversity and can lead to crime and corruption.

(4) Establishing protected areas can preserve wildlife and plant species from degradation and guard against the illegal wildlife trade.

(5) Strengthening the indigenous capacity of partner countries to manage their natural resources improves the long-term sustainability of conservation programs and is essential for economic growth in developing countries.

(b) STATEMENT OF POLICY.—It is the policy of the United States to work in cooperation with the international community, including nongovernmental organizations, to reduce biodiversity loss, adapt to and mitigate climate change, and integrate principles of environmental sustainability into policies and programs for international development.

Subtitle A—Debt-for-Nature Exchanges

SEC. 6101. FINDINGS AND STATEMENT OF POLICY.

(a) FINDINGS.—Congress finds the following:

(1) Poverty and economic pressures on the populations of developing countries have led to environmental degradation that exacerbate existing chal-

lenges and imperil long-term, sustainable development.

(2) Debt reduction can reduce economic pressures on developing countries and provide funds for environmental conservation and development.

(3) Identifying and developing economic benefits to local communities from sustainable use of the environment is critical to the protection of ecosystems and to overall development.

(4) Tropical forests provide a wide range of benefits to humankind by—

(A) harboring a major share of the Earth's biological and terrestrial resources, which are the basis for developing pharmaceutical products and revitalizing agricultural crops;

(B) playing a critical role as carbon sinks in reducing greenhouse gases in the atmosphere, thus moderating potential global climate change; and

(C) regulating hydrological cycles on which far-flung agricultural and coastal resources depend.

(5) Coral reefs and associated coastal marine ecosystems provide a wide range of benefits to humankind by—

(A) harboring more species per unit area than any other marine habitat, providing the basis for developing pharmaceutical products and fostering a growing marine tourism sector;

(B) providing a major source of food and jobs for hundreds of millions of coastal residents; and

(C) serving as natural storm barriers, thus protecting vulnerable shorelines and communities from storm waves and erosion.

(b) STATEMENT OF POLICY.—It is the policy of the United States to work in cooperation with partner countries and nongovernmental organizations to protect and sustainably manage tropical forests, coral reefs, and other natural ecosystems, including through debt-for-nature exchanges.

SEC. 6102. DEFINITIONS.

As used in this subtitle:

(1) ADMINISTERING BODY.—The term ''administering body'' means the entity provided for in section 6107(c).

(2) PARTNER COUNTRY.—The term ''partner country'' means an eligible country with respect to which the authority of paragraph (1) or (2) of section 6105(a) or section 6106(a)(1) is exercised.

(3) DEBT-FOR-NATURE AGREEMENT.—The term ''Debt-for-Nature Agreement'' or ''Agreement'' means a Debt-for-Nature Agreement provided for in section 6107.

(4) DEBT-FOR-NATURE FACILITY.—The term ''Debt-for-Nature Facility'' or ''Facility'' means the Debt-for-Nature Facility established in the Department of the Treasury by section 6103.

(5) DEBT-FOR-NATURE FUND.—The term ''Debt-for-Nature Fund'' or ''Fund'' means a Debt-for-Nature Fund provided for in section 6109.

(6) ELIGIBLE COUNTRY.—The term ''eligible country'' means a country described in section 6104.

SEC. 6103. ESTABLISHMENT OF THE FACILITY.

There is established in the Department of the Treasury an entity to be known as the ''Debt-for-Nature Facility'' for the purpose of providing for the administration of debt reduction in accordance with this subtitle.

SEC. 6104. ELIGIBILITY FOR BENEFITS.

To be eligible for benefits from the Facility under this subtitle, a country shall be a developing country the government of which—

(1) is democratically elected;

(2) does not support acts of international terrorism;

(3) does not engage in a consistent pattern of gross violations of internationally recognized human rights;

(4) has in effect, has received approval for, or, as appropriate in exceptional circumstances, is making significant progress toward—

(A) an International Monetary Fund standby arrangement, extended International Monetary Fund arrangement, or an arrangement under the structural adjustment facility or enhanced structural adjustment facility, or in exceptional circumstances, an International Monetary Fund-monitored program or its equivalent, unless the President determines that such an arrangement or program (or its equivalent) could reasonably be expected to have significant adverse social or environmental effects; and

(B) as appropriate, structural or sectoral adjustment loans from the International Bank for Reconstruction and Development or the International Development Association, unless the President determines that the resulting adjustment requirements could reasonably be ex-

pected to have significant adverse social or environmental effects; and

(5) if appropriate, has agreed with its commercial bank lenders on a satisfactory financing program, including, as appropriate, debt or debt service reduction.

SEC. 6105. AUTHORITY TO ENGAGE IN DEBT-FOR-NATURE SWAPS AND DEBT BUYBACKS.

(a) LOANS AND CREDITS ELIGIBLE FOR SALE, REDUCTION, OR CANCELLATION.—

(1) DEBT-FOR-NATURE SWAPS.—

(A) IN GENERAL.—Notwithstanding any other provision of law, the President may, in accordance with this section, sell to any eligible purchaser described in subparagraph (B) any concessional loans described in section 6106 or any credits described in section 6106, or on receipt of payment from an eligible purchaser described in subparagraph (B), reduce or cancel such loans (or credits) or portion thereof under an Agreement, only for the purpose of facilitating a debt-for-nature swap to support eligible activities described in section 6108.

(B) ELIGIBLE PURCHASER.—A loan or credit may be sold, reduced, or canceled under

subparagraph (A) only to a purchaser who presents plans satisfactory to the President for using the loan or credit for the purpose of engaging in debt-for-nature swaps to support eligible activities described in section 6108.

(2) DEBT BUYBACKS.—Notwithstanding any other provision of law, the President may, in accordance with this section, sell to any eligible country any concessional loans described in section 6106 or any credits described in section 6106, or on receipt of payment from an eligible country, reduce or cancel such loans (or credits) or portion thereof under an Agreement, only for the purpose of facilitating a debt buyback by an eligible country of its own qualified debt, only if the eligible country uses an additional amount of the local currency of the eligible country, equal to not less than the lesser of 40 percent of the price paid for such debt by such eligible country, or the difference between the price paid for such debt and the face value of such debt, to support eligible activities described in section 6108.

(3) LIMITATION.—The authority provided by paragraphs (1) and (2) shall be available only to the extent that appropriations for the cost (as defined in section 502(5) of the Federal Credit Reform Act of

1990) of the modification of any debt pursuant to such paragraphs are made in advance.

(4) TERMS AND CONDITIONS.—Notwithstanding any other provision of law, the President shall, in accordance with this section, establish the terms and conditions under which loans and credits may be sold, reduced, or canceled pursuant to this section.

(5) ADMINISTRATION.—

(A) IN GENERAL.—When the President determines a purchaser to be an eligible purchaser pursuant to paragraph (1)(B), the Administrator or the Secretary of Agriculture, as the case may be, shall carry out the sale, reduction, or cancellation of a loan pursuant to such paragraph.

(B) ADDITIONAL REQUIREMENT.—The Administrator or Secretary of Agriculture, as the case may be, shall make an adjustment in its accounts to reflect the sale, reduction, or cancellation.

(b) DEPOSIT OF PROCEEDS.—The proceeds from the sale, reduction, or cancellation of any loan sold, reduced, or canceled pursuant to this section shall be deposited in the United States Government account or accounts established for the repayment of such loan.

SEC. 6106. REDUCTION OF DEBT OWED TO THE UNITED STATES AS A RESULT OF CONCESSIONAL LOANS OR CREDITS UNDER THIS ACT AND CERTAIN OTHER PROVISIONS OF LAW.

(a) AUTHORITY TO REDUCE DEBT.—

(1) AUTHORITY.—The President may reduce the amount owed to the United States (or any Federal agency) that is outstanding as of the date of the enactment of this Act as a result of concessional loans or credits made to an eligible country by the United States under this Act, the Foreign Assistance Act of 1961 (as such Act was in effect on the day before the date of the enactment of this Act), title I of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1701 et seq.), or predecessor foreign economic assistance legislation.

(2) CERTAIN PROHIBITIONS INAPPLICABLE.—A reduction of debt pursuant to this section shall not be considered foreign assistance for purposes of any provision of law limiting assistance to a country.

(b) IMPLEMENTATION OF DEBT REDUCTION.—

(1) IN GENERAL.—Any debt reduction pursuant to subsection (a) shall be accomplished at the direction of the Facility under an Agreement by the exchange of a new obligation for obligations of the

type referred to in subsection (a) outstanding as of the date specified in subsection (a)(1).

(2) EXCHANGE OF OBLIGATIONS.—

(A) IN GENERAL.—The Facility shall notify the Administrator or the Secretary of Agriculture of an agreement entered into under paragraph (1) with an eligible country to exchange a new obligation for outstanding obligations.

(B) ADDITIONAL REQUIREMENT.—At the direction of the Facility, the old obligations that are the subject of the Agreement shall be canceled and a new debt obligation for the country shall be established relating to the Agreement, and the Administrator or the Secretary of Agriculture, as the case may be, shall make an adjustment in the respective agency's accounts to reflect the debt reduction.

(c) ADDITIONAL TERMS AND CONDITIONS.—

(1) REPAYMENT OF PRINCIPAL.—The principal amount of each new obligation issued pursuant to subsection (b) shall be repaid in United States dollars.

(2) DEPOSIT OF PAYMENTS.—Principal repayments of new obligations shall be deposited in the

United States Government account established for principal repayments of the obligations for which those obligations were exchanged.

(d) INTEREST.—Principal repayments of new obligations shall be deposited in the United States Government account established for principal repayments of the obligations for which those obligations were exchanged.

(1) RATE OF INTEREST.—Each new obligation issued by a partner country pursuant to subsection (b) shall bear interest at a concessional rate.

(2) CURRENCY OF INTEREST PAYMENT; DEPOSITS.—

(A) LOCAL CURRENCY.—If the partner country has entered into a Debt-for-Nature Agreement, interest shall be paid in the local currency of the partner country and deposited in the Debt-for-Nature Fund of such country. Such interest shall be the property of the partner country, until such time as it is disbursed pursuant to section 6109(b)(3). Such local currencies shall be used for the purposes specified in the Agreement.

(B) UNITED STATES DOLLARS.—If the partner country has not entered into a Debt-for-Nature Agreement, interest shall be paid in

United States dollars and deposited in the United States Government account established for interest payments of the obligations for which the new obligations were exchanged.

(3) INTEREST ALREADY PAID.—If a partner country enters into a Debt-for-Nature Agreement subsequent to the date on which interest first became due on the newly issued obligation, any interest already paid on such new obligation shall not be redeposited into the Debt-for-Nature Fund established for that country.

SEC. 6107. DEBT-FOR-NATURE AGREEMENT.

(a) AUTHORITY.—The President is authorized to enter into a Debt-for-Nature Agreement with any eligible country concerning the operation and use of the Debt-for-Nature Fund for the country.

(b) CONTENTS OF AGREEMENT.—An Agreement with an eligible country shall—

(1) require—

(A) the establishment of a Fund for the country; or

(B) in the case of a country with respect to which a fund has been established under part IV (relating to Enterprise for the Americas Initiative) or part V (relating to debt reduction for

developing countries with tropical forests) of the Foreign Assistance Act of 1961 (as such Act was in effect on the day before the date of the enactment of this Act), the continued utilization of such fund;

(2) require the country to make prompt disbursements from the Fund to the administering body described in subsection (c);

(3) when appropriate, seek to maintain the value of the local currency resources of the Fund in terms of United States dollars;

(4) contain reasonable provisions for the enforcement of the terms of the Agreement; and

(5) establish criteria and priorities guiding the disbursement of grants consistent with the eligible activities in section 6108.

(c) ADMINISTERING BODY.—

(1) IN GENERAL.—Amounts disbursed from the Fund in each partner country shall be administered by a body constituted under the laws of that country.

(2) COMPOSITION.—

(A) IN GENERAL.—The administering body shall consist of—

(i) one or more individuals appointed by the United States Government;

(ii) one or more individuals appointed by the government of the partner country; and

(iii) individuals who represent a broad range of—

(I) environmental nongovernmental organizations of, or active in, the partner country;

(II) local community development nongovernmental organizations of the partner country; and

(III) scientific, academic, or institutions of the partner country.

(B) ADDITIONAL REQUIREMENT.—A majority of the members of the administering body shall be individuals described in subparagraph (A)(iii).

(3) RESPONSIBILITIES.—The administering body shall—

(A) receive proposals for grant assistance from eligible grant recipients (as determined under subsection (d)) and make grants to eligible grant recipients in accordance with the pri-

1 orities agreed upon in the Agreement, con-
2 sistent with section 6108;
3 (B) be responsible for the management of
4 the program and oversight of grant activities
5 funded from resources of the Fund;
6 (C) consult with local communities on the
7 planning, development, and implementation of
8 plans, programs, and activities associated with
9 the disbursements of grants;
10 (D) be subject, on an annual basis, to an
11 audit of financial statements conducted in ac-
12 cordance with generally accepted auditing
13 standards by an independent auditor;
14 (E) be required to grant to representatives
15 of the United States Government Accountability
16 Office such access to books and records associ-
17 ated with operations of the Fund as the Comp-
18 troller General of the United States may re-
19 quest; and
20 (F) present an annual plan on activities
21 for the upcoming year for review and an annual
22 report on the activities the administering body
23 undertook during the previous year to the Sec-
24 retary of State, the Secretary of the Treasury,
25 the Administrator, the government of the part-

ner country, and, if appropriate, the nongovernmental organization.

(d) GRANT RECIPIENTS.—

(1) IN GENERAL.—Grants made from the Fund shall be made to—

(A) nongovernmental environmental, forestry, conservation, and indigenous peoples organizations of, or active in, the partner country;

(B) other appropriate local or regional entities of, or active in, the partner country; or

(C) in exceptional circumstances, the government of the partner country.

(2) PRIORITY.—In providing grants under paragraph (1), priority shall be given to projects that are run by local nongovernmental organizations and other private entities and that involve local communities in their planning and execution.

(e) REVIEW OF LARGER GRANTS.—Any grant of more than $250,000 from a Fund shall be subject to approval by the Government of the United States and the government of the partner country.

(f) ELIGIBILITY CRITERIA.—In the event that a country ceases to meet the eligibility requirements set forth in section 6104, then grants from the Fund for that country may only be made to nongovernmental organiza-

tions until such time as the country meets the eligibility requirements set forth in section 6104.

(g) USE OF FUNDS TO CONDUCT PROGRAM AUDITS AND EVALUATION.—Of the amounts made available to carry out this subtitle for a fiscal year, up to one percent is authorized to be made available to carry out audits, evaluations, monitoring, and administration of programs under this subtitle, including personnel costs associated with such audits, evaluations, monitoring, and administration.

(h) CONGRESSIONAL NOTIFICATION.—The President shall notify the appropriate congressional committees of the President's intention to enter into an Agreement with an eligible country at least 15 days in advance of entering into such Agreement.

SEC. 6108. ELIGIBLE ACTIVITIES.

(a) IN GENERAL.—Grants made from the Fund shall be used for—

(1) restoration, conservation, or sustainable use of terrestrial and marine animal and plant species;

(2) establishment, restoration, protection, and maintenance of parks, protected areas, and reserves;

(3) development and implementation of scientifically sound systems of natural resource manage-

ment, including land and water and ecosystem management practices;

(4) development and implementation of programs to address the effects of climate change on environmental resources;

(5) training programs to strengthen conservation institutions and increase scientific, technical, and managerial capabilities of local individuals and organizations involved in conservation efforts; or

(6) research and identification of medicinal uses of plant life to treat human diseases, illnesses, and health related concerns.

(b) PRIORITIZING ACTIVITIES.—In cooperation with the partner country and nongovernmental organizations, the President shall seek to identify those areas, which because of an imminent threat, are in particular need of immediate attention to prevent the loss of unique biological life or valuable ecosystem.

SEC. 6109. DEBT-FOR-NATURE FUND.

(a) ESTABLISHMENT.—Each partner country that enters into a Debt-for-Nature Agreement under section 6107 shall be required to establish a Debt-for-Nature Fund to receive payments of interest and principal on new obligations undertaken by the partner country under this subtitle.

(b) REQUIREMENTS RELATING TO OPERATION OF FUND.—The following terms and conditions shall apply to the Fund:

(1) DEPOSITS.—Local currencies deposited in the Fund shall not be considered foreign assistance for purposes of any provision of law limiting assistance to a country.

(2) INVESTMENT.—Deposits made in the Fund shall be invested until disbursed. Any return on such investment may be retained by the Fund, without deposit in the Treasury of the United States and without further appropriation by Congress.

(3) DISBURSEMENTS.—Funds in the Fund shall be disbursed pursuant to a Debt-for-Nature Agreement authorized under section 6107.

SEC. 6110. RESPONSIBILITIES TO THE CONGRESS.

(a) CONSULTATIONS WITH THE CONGRESS.—The President shall consult with the appropriate congressional committees on a periodic basis to review the operation of the Facility under this subtitle and the eligibility of countries for benefits from the Facility under this subtitle.

(b) REPORT TO CONGRESS.—Not later than December 31 of each year, the President shall prepare and transmit to Congress an annual report concerning the oper-

ations of the Debt-for-Nature Facility under this subtitle for the prior fiscal year. Such report shall include—

(1) a description of the activities undertaken by such Facility during the previous fiscal year;

(2) a description of any Agreement entered into under this subtitle;

(3) a report on Debt-for-Nature Funds that have been established under this subtitle and on the operations of such Funds; and

(4) a description of any grants that have been provided by administering bodies pursuant to Debt-for-Nature Agreements under this subtitle.

SEC. 6111. GENERAL SAVINGS CLAUSE.

An agreement in effect on the day before the date of the enactment of this Act under part IV (relating to Enterprise for the Americas Initiative) or part V (relating to debt reduction for developing countries with tropical forests) of the Foreign Assistance Act of 1961 (as such parts were in effect on the day before the date of the enactment of this Act) shall remain in effect subject to the terms and conditions under such agreement.

Subtitle B—Commercial Debt-for-Nature Exchanges

SEC. 6201. COMMERCIAL DEBT-FOR-NATURE EXCHANGE DEFINED.

For purposes of this subtitle, the term ''commercial debt-for-nature exchange'' means the cancellation or redemption of the foreign debt of the government of a country in exchange for—

(1) the government's making available local currencies (including through the issuance of bonds) that are used only for eligible projects involving the conservation or protection of the environment in that country (as described in section 6203);

(2) the government's financial resource or policy commitment to take certain specified actions to ensure the restoration, protection, or sustainable use of natural resources within that country; or

(3) a combination of assets and actions under both paragraphs (1) and (2).

SEC. 6202. AUTHORIZATION FOR COMMERCIAL DEBT EXCHANGES.

(a) IN GENERAL.—The Administrator is authorized to provide grants, on such terms and conditions as the Administrator may determine, to nongovernmental organizations for the purchase on the open market of discounted

commercial debt of a foreign government of an eligible country described in section 6204 which will be canceled or redeemed under agreed upon terms with that government as part of a commercial debt-for-nature exchange.

(b) INTEREST.—Notwithstanding any other provision of law, a grantee (or any subgrantee) of the grants referred to in subsection (a) may retain, without deposit in the Treasury of the United States and without further appropriation by Congress, interest earned on the proceeds of any resulting commercial debt-for-nature exchange pending the disbursements of such proceeds and interest for approved program purposes, which may include the establishment of an endowment, the income of which is used for such purposes.

SEC. 6203. ELIGIBLE PROJECTS.

(a) IN GENERAL.—The Administrator shall seek to ensure that commercial debt-for-nature exchanges under this subtitle support one or more of the eligible activities listed in section 6108 by either the relevant government, a local private conservation group, or a combination thereof.

(b) IDENTIFICATION OF CERTAIN AREAS.—In cooperation with nongovernmental organizations and the relevant country, the Administrator shall seek to identify those areas, which because of an imminent threat, are in

particular need of immediate attention to prevent the loss of unique biological life or valuable ecosystem.

SEC. 6204. ELIGIBLE COUNTRIES.

In order for a foreign country to be eligible to participate in a commercial debt-for-nature exchange under this subtitle the foreign country shall be a developing country that—

(1) meets the requirements of section 6104; and

(2) the Administrator determines—

(A) is fully committed to the long-term viability of the program or project that is to be undertaken through the commercial debt-for-nature exchange;

(B) has prepared a long-term plan, or a private conservation group has prepared a long-term plan for the country, which adequately provides for the long-term viability of the program or project that is to be undertaken through the commercial debt-for-nature exchange or that such a plan will be prepared in a timely manner; and

(C) has a government agency or a local nongovernmental organization, or combination thereof, with the capability, commitment, and record of environmental concern to oversee the

long-term viability of the program or project that is to be undertaken through the commercial debt-for-nature exchange.

SEC. 6205. PROHIBITION.

The United States Government is prohibited from accepting title or interest in any land in a foreign country as a condition on the commercial debt-for-nature exchange.

TITLE VII—EXPANDING PROSPERITY THROUGH TRADE AND INVESTMENT

SEC. 7001. FINDINGS.

Congress finds the following:

(1) Fostering economic growth is essential to sustaining the impact of United States development assistance.

(2) United States development assistance must be supplemented by developmentally beneficial private investment, which can be stimulated by United States-sponsored programs.

(3) Attracting and retaining private investment requires improvements in the investment climate of developing countries, which require United States technical assistance.

(4) Increasing exports is necessary for sustained economic growth in most developing countries, because domestic consumption is usually inadequate to stimulate and sustain increases in gross domestic product, employment, and personal income.

(5) For most developing countries, receipt of additional loans would be counterproductive, exacerbating existing high debt levels that consume scarce domestic financial resources.

SEC. 7002. AUTHORITY FOR COORDINATION.

(a) IDENTIFICATION OF PRIORITY COUNTRIES.—In preparing the United States Strategy for Global Development under section 1017, the Interagency Policy Committee on Global Development shall identify a list of priority countries which would substantially benefit from United States programs to stimulate private investment flows and to provide technical assistance to attract and sustain such investment, taking into account each country's—

(1) high-level political leadership and commitment to development progress;

(2) potential for rapid and sustained economic growth; and

(3) importance to United States national interests and development goals.

(b) JOINT COUNTRY ACTION PLAN.—For each country identified as a priority country under subsection (a), the Interagency Policy Committee on Global Development shall—

(1) undertake a rigorous joint analysis of constraints to growth, in partnership with the priority country and in consultation with the United States, international, and local private sectors, the donor community, civil society organizations, and relevant experts;

(2) develop a joint country action plan that outlines potential tools, reforms, technical assistance, and resources that can be applied over the next five years to address the highest-priority constraints to growth;

(3) coordinate and integrate the joint country action plan with Country Development Cooperation Strategies and related policies and programs; and

(4) establish high-level mutual accountability for implementation, including through transparency and fact-based monitoring and evaluation.

(c) DIRECTION OF RESOURCES.—The Interagency Policy Committee on Global Development may direct the resources of the Department of State, the United States Agency for International Development, the Overseas Pri-

vate Investment Corporation, the Trade and Development Agency, and the Millennium Challenge Corporation to be made available to carry out the country plan.

Subtitle A—Overseas Private Investment Corporation

SEC. 7101. CREATION AND PURPOSE.

(a) CREATION.—There is established the Overseas Private Investment Corporation (in this subtitle referred to as the ''Corporation''), which shall be an agency of the United States under the policy guidance of the Secretary of State and the Interagency Policy Committee on Global Development.

(b) PURPOSE.—

(1) IN GENERAL.—The primary purpose of the Corporation shall be to mobilize and facilitate the participation of United States private capital in the economic and social development of less developed countries, thereby complementing the foreign policy and development assistance objectives of the United States.

(2) RESPONSIBILITIES.—In carrying out its purpose, the Corporation shall undertake—

(A) to conduct financing, insurance, and reinsurance operations on a self-sustaining basis, taking into account in its financing oper-

ations the economic and financial soundness of projects;

(B) to use private credit and investment institutions and the Corporation's guaranty authority as the principal means of mobilizing capital investment funds;

(C) to broaden private participation and revolve its funds through selling its direct loans to private investors whenever it can appropriately do so on satisfactory terms;

(D) to conduct its insurance operations with due regard to principles of risk management, including efforts to share its insurance risks and reinsurance risks;

(E) to support the expansion of private enterprise and market-based economies;

(F) to conduct its activities in coordination with the Interagency Policy Committee on Global Development, so as to carry out the foreign policy and development strategy of the United States; and

(G) to advise and assist agencies of the United States and other organizations, both public and private, national and international, with respect to projects and programs relating

to the development of private enterprise in less developed countries.

SEC. 7102. PROHIBITIONS AND RESTRICTIONS.

(a) PROHIBITIONS.—The Corporation shall—

(1) decline to issue any contract of insurance or reinsurance, or any guaranty, or to enter into any agreement to provide financing for a proposed investment, if the Corporation determines that such investment is likely to cause a reduction in the employment of United States persons;

(2) decline to insure, reinsure, guarantee, or finance any investment that would reduce exports of goods or services of United States origin or otherwise negatively affect the balance of trade of the United States;

(3) decline to insure, reinsure, guarantee, or finance any investment in connection with a project that the Corporation determines will negatively affect the environment, or cause a health or safety hazard; and

(4) decline to insure, reinsure, guarantee, or finance any investment in connection with a project that the Corporation determines will negatively affect the human rights, employment, living standard,

social welfare, or culture of any persons in the country where the project is to be located.

(b) WORKER RIGHTS.—

(1) PROTECTION OF WORKER RIGHTS.—The Corporation may insure, reinsure, guarantee, or finance a project only if the country in which the project is to be undertaken is taking steps to adopt and implement laws that extend internationally recognized worker rights, as defined in section 507(4) of the Trade Act of 1974, to workers in that country (including any designated zone in that country). The Corporation shall also include the following language, in substantially the following form, in all contracts that the Corporation enters into with eligible investors to provide financial support under this subtitle:

''The investor and all parties involved in the project agree to protect the right of employees of the foreign enterprise to exercise their right of association and their right to organize and bargain collectively. The investor and all parties involved in the project further agree to comply with core labor standards of the International Labor Organization and United Nations declarations on workers and worker rights relating to a minimum age for employ-

ment of children, acceptable conditions of work with respect to minimum wages, hours of work, and occupational health and safety, and a prohibition on the use of forced labor.''.

(2) USE OF ANNUAL REPORTS ON WORKERS RIGHTS.—The Corporation shall, in making its determinations under paragraph (1), use the reports submitted to the Congress pursuant to section 504 of the Trade Act of 1974.

(3) WAIVER.—Paragraph (1) shall not prohibit the Corporation from providing any insurance, reinsurance, guaranty, or financing with respect to a country if the President determines that such activities by the Corporation would be in the national economic or foreign policy interests of the United States. Any such determination shall be reported in writing to the Congress, together with the reasons for the determination.

(c) ENVIRONMENTAL IMPACT.—

(1) IN GENERAL.—The Board of Directors of the Corporation shall not consider or approve any action proposed to be taken by the Corporation that is likely to have adverse environmental impacts, unless for a period of at least 60 days before the date of the vote—

(A) an environmental impact assessment, or initial environmental audit, analyzing the environmental impacts of the proposed action and of alternatives to the proposed action has been completed by the project applicant and made available to the Board of Directors; and

(B) such assessment or audit has been made available to the public of the United States, locally affected groups in the host country, and host country nongovernmental organizations.

(2) COMPLIANCE WITH EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE.—The Board of Directors shall ensure that the projects for which the Corporation provides insurance, reinsurance, a guaranty, or financing are in compliance with the Extractive Industries Transparency Initiative, or any successor international standard.

SEC. 7103. CAPITAL OF THE CORPORATION.

The capital stock of the Corporation issued before the date of the enactment of this Act and held by the Secretary of the Treasury as of such date of enactment shall continue to be the capital stock of the Corporation on and after such date of enactment.

SEC. 7104. ORGANIZATION AND MANAGEMENT.

(a) STRUCTURE OF THE CORPORATION.—The Corporation shall have a Board of Directors, a President, an Executive Vice President, and such other officers and staff as the Board of Directors may determine.

(b) BOARD OF DIRECTORS.—

(1) IN GENERAL.—All powers of the Corporation shall vest in and be exercised by or under the authority of its Board of Directors (hereinafter in this subtitle referred to as the ''Board''), which shall consist of 15 Directors, including the Chairman, with 8 Directors constituting a quorum for the transaction of business.

(2) MEMBERSHIP.—

(A) PRESIDENTIAL APPOINTEES.—Eight Directors shall be appointed by the President of the United States, by and with the advice and consent of the Senate, and may not be officers or employees of the United States Government. Two of the 8 Directors appointed under the preceding sentence shall be experienced in international development, 2 shall be experienced in international labor and human rights, 2 shall be experienced in environmental protection, and 2 shall be experienced in insurance and international finance. Each such Director shall be

appointed for a term of not more than 3 years. The terms of not more than 3 such Directors may expire in any one year. Such Directors shall serve until their successors are appointed and qualified, and may be reappointed.

(B) OFFICERS OF THE GOVERNMENT.—The remaining Directors shall be principal officers of the United States Government, including the President of the Corporation, the Administrator of the Agency for International Development, and one such officer of the Department of State, the Department of the Treasury, the Environmental Protection Agency, the Department of Labor, and the Department of Commerce, who are designated by and serve at the pleasure of the President of the United States.

(3) CHAIR AND VICE CHAIR.—There shall be a Chair and a Vice Chair of the Board, both of whom shall be designated by the President of the United States from among the Directors of the Board designated under paragraph (2)(B).

(4) COMPENSATION.—All Directors who are not officers of the Corporation or officers of the United States Government 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 actually engaged in the business of the Corporation, and may be paid per diem in lieu of subsistence at the applicable rate prescribed in the standardized Government travel regulations, while away from their homes or usual places of business.

(c) PRESIDENT OF THE CORPORATION.—The President of the Corporation shall be appointed by the President of the United States, by and with the advice and consent of the Senate, and shall serve at the pleasure of the President. The President of the Corporation shall be its Chief Executive Officer and shall be responsible for the operations and management of the Corporation, subject to bylaws and policies established by the Board.

(d) OFFICERS AND STAFF.—

(1) IN GENERAL.—The Executive Vice President of the Corporation shall be appointed by the President of the United States, by and with the advice and consent of the Senate, and shall serve at the pleasure of the President. Other officers, attorneys, 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) APPLICABILITY OF CIVIL SERVICE LAWS.—Of the persons employed by the Corporation under paragraph (1), not more than 20 may be appointed, compensated, or removed without regard to the civil service laws and regulations, except that under such regulations as the President of the United States may prescribe, officers and employees of the United States Government who are appointed to any of such positions may be entitled, upon removal from such position, except for cause, to reinstatement to the position occupied at the time of appointment or to a position of comparable grade and salary. Such positions shall be in addition to those otherwise authorized by law, including those authorized by section 5108 of title 5, United States Code.

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

SEC. 7105. INVESTMENT INSURANCE AND OTHER PROGRAMS.

(a) INVESTMENT INSURANCE.—

(1) IN GENERAL.—The Corporation may issue insurance, upon such terms and conditions as the Corporation may determine, to eligible investors, as-

1 suring protection in whole or in part against any or
2 all of the following risks with respect to projects
3 which the Corporation has approved:
4 (A) Inability to convert into United States
5 dollars other currencies, or credits in such cur-
6 rencies, received as earnings or profits from the
7 approved project, as repayment or return of the
8 investment therein, in whole or in part, or as
9 compensation for the sale or disposition of all
10 or any part thereof.
11 (B) Loss of investment, in whole or in
12 part, in the approved project due to expropria-
13 tion or confiscation by action of a foreign gov-
14 ernment or any political subdivision thereof.
15 (C) Loss due to war, revolution, insurrec-
16 tion, or civil strife.
17 (D) Loss due to business interruption
18 caused by any of the risks set forth in subpara-
19 graphs (A), (B), and (C).
20 (2) SHARED LIABILITIES.—Recognizing that
21 major private investments in less developed friendly
22 countries or areas are often made by enterprises in
23 which there is multinational participation, including
24 significant United States private participation, the
25 Corporation may make arrangements with foreign

governments (including agencies, instrumentalities, or political subdivisions thereof) or with multilateral organizations and institutions for sharing liabilities assumed under investment insurance for such investments and may in connection therewith issue insurance to investors that do not otherwise qualify as eligible investors, except that—

(A) liabilities assumed by the Corporation under the authority of this paragraph shall be consistent with the purposes of this subtitle; and

(B) the maximum share of liabilities so assumed may not exceed the proportionate participation by eligible investors in the project.

(3) LIMITATION ON SINGLE INVESTORS.—Not more than 10 percent of the maximum contingent liability of investment insurance that the Corporation is permitted to have outstanding under section 7106(a)(1) may be issued to a single investor.

(4) REPORTS TO CONGRESS ON CERTAIN RISKS.—Before issuing insurance for the first time for loss due to business interruption, and in each subsequent instance in which a significant expansion is proposed in the type of risk to be insured under the definition of ''civil strife'' or ''business interrup-

tion'', the Corporation shall, at least 60 days before such insurance is issued, submit to the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives a report with respect to such insurance, including a thorough analysis of the risks to be covered, anticipated losses, and proposed rates and reserves and, in the case of insurance for loss due to business interruption, an explanation of the underwriting basis upon which the insurance is to be offered. Any such report with respect to insurance for loss due to business interruption shall be considered in accordance with the procedures applicable to reprogramming notifications pursuant to section 9401 of this Act.

(b) INVESTMENT GUARANTIES.—The Corporation may issue to eligible investors guaranties of loans and other investments made by such investors assuring against loss due to such risks and upon such terms and conditions as the Corporation may determine, subject to the following:

(1) Such guaranties on other than loan investments may not exceed 75 percent of such investment.

(2) Except for loan investments for credit unions made by eligible credit unions or credit union associations, the aggregate amount of investment (exclusive of interest and earnings) so guaranteed with respect to any project may not exceed, at the time of issuance of any such guaranty, 75 percent of the total investment committed to any such project as determined by the Corporation, such determination to be conclusive for purposes of the Corporation's authority to issue any such guaranty.

(3) Not more than 15 percent of the maximum contingent liability of investment guaranties that the Corporation is permitted to have outstanding under section 7106(a)(1) may be issued to a single investor.

(c) DIRECT LOANS.—

(1) AUTHORITY.—The Corporation may make loans in United States dollars repayable in dollars or loans in foreign currencies (including, without regard to section 1306 of title 31, United States Code, such foreign currencies that the Secretary of the Treasury may determine to be excess to the normal requirements of the United States and the Director of the Office of Management and Budget may allocate) to firms privately owned or of mixed private

and public ownership, upon such terms and conditions as the Corporation may determine.

(2) PORTION OF LOAN FOR TECHNOLOGIES AND PROJECTS IN THE UNITED STATES.—The Corporation may designate up to 25 percent of any loan under this subsection for use in the development or adaptation in the United States of new technologies or new products or services that are to be used in the project for which the loan is made and are likely to contribute to the economic or social development of less developed countries.

(3) RESTRICTION ON EXTRACTION OF OIL, GAS, AND MINERALS.—No loan may be made under this subsection to finance any operation for the extraction of oil or gas. The aggregate amount of loans under this subsection to finance operations for the mining or other extraction of any deposit of ore or other nonfuel minerals may not in any fiscal year exceed $4,000,000.

(d) INVESTMENT ENCOURAGEMENT.—The Corporation may initiate and support through financial participation, incentive grant, or otherwise, and on such terms and conditions as the Corporation may determine, the identification, assessment, surveying, and promotion of private

investment opportunities, using wherever feasible and effective the facilities of private investors, except that—

(1) the Corporation may not finance any survey to ascertain the existence, location, extent, or quality of, or to determine the feasibility of undertaking operations for the extraction of, oil or gas; and

(2) expenditures financed by the Corporation during any fiscal year on surveys to ascertain the existence, location, extent, or quality of, or to determine the feasibility of undertaking operations for the extraction of, nonfuel minerals may not exceed $200,000.

(e) SPECIAL ACTIVITIES.—The Corporation 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 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 and other small business activities. The funds for such projects and programs may, with the Corporation's concurrence, be transferred to it for such purposes under the authority of section 11505(a) or from other sources, public or private. Administrative funds may not be made

available for incentives, grants, and studies for renewable energy and other small business activities.

(f) OTHER INSURANCE FUNCTIONS.—

(1) REINSURANCE, ETC.—The Corporation may make and carry out contracts of insurance or reinsurance, or agreements to associate or share risks, with insurance companies, financial institutions, any other persons, or groups thereof, and employing such companies, institutions, persons, or groups where appropriate, as its agent, or acting as their agent, in the issuance and servicing of insurance, the adjustment of claims, the exercise of subrogation rights, the ceding and accepting of reinsurance, and in any other matter incident to an insurance business, except that such agreements and contracts shall be consistent with the purposes of the Corporation set forth in section 7101 and shall be on equitable terms.

(2) RISK SHARING.—The Corporation may enter into pooling or other risk-sharing agreements with multinational insurance or financing agencies or groups of such agencies.

(3) HOLDING OWNERSHIP INTERESTS.—The Corporation may hold an ownership interest in any

association or other entity established for the purposes of sharing risks under investment insurance.

(4) REINSURANCE OF CERTAIN LIABILITIES.—The Corporation may issue, upon such terms and conditions as it may determine, reinsurance of liabilities assumed by other insurers or groups thereof with respect to risks referred to in subsection (a)(1).

(5) LIMIT ON REINSURANCE.—The amount of reinsurance of liabilities under this subtitle that the Corporation may issue may not in the aggregate exceed at any one time an amount equal to the amount authorized for the maximum contingent liability outstanding at any one time under section 7106(a)(1). All reinsurance issued by the Corporation under this subsection shall require that the reinsured party retain for that party's own account specified portions of liability, whether first loss or otherwise.

(g) LOCAL CURRENCY GUARANTIES FOR ELIGIBLE INVESTORS.—The Corporation may issue to eligible investors, or to 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 subtitle.

(h) PUBLIC HEARINGS.—

(1) ANNUAL PUBLIC HEARINGS.—The Board shall hold at least one public hearing each year in order to afford an opportunity for any person to present views as to whether the Corporation is carrying out its activities in accordance with section 7101 and this section or whether any investment in a particular country should have been or should be extended insurance, reinsurance, guaranties, or financing under this subtitle.

(2) HEARINGS IN CONNECTION WITH BOARD MEETINGS.—In conjunction with each meeting of its 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.

SEC. 7106. ISSUING AUTHORITY; DIRECT LOAN AUTHORITY; DISCHARGE OF LIABILITIES.

(a) ISSUING AUTHORITY.—

(1) MAXIMUM CONTINGENT LIABILITY.—The maximum contingent liability outstanding at any one time pursuant to insurance issued under section 7105(a), and the amount of financing issued under subsections (b) and (c) of section 7105, may not exceed in the aggregate $50,000,000,000.

(2) PAYMENT OF SUBSIDY AND ADMINISTRATIVE COSTS.—Subject to spending authority provided in appropriations Acts pursuant to section 504(b) of the Federal Credit Reform Act of 1990, the Corporation may transfer such sums as are necessary from its noncredit activities to pay for the subsidy and administrative costs of the investment guaranties and direct loan programs under subsections (b) and (c) of section 7105.

(b) NONCREDIT ACCOUNT REVOLVING FUND.—There is established in the Treasury of the United States a noncredit account revolving fund, which shall be available for discharge of liabilities, as provided in subsection (c), until such time as all such liabilities have been discharged or have expired or until all of the fund has been expended in accordance with the provisions of this section. Such fund shall be funded by—

(1) the funds remaining, on the day before the date of the enactment of this Act, in the noncredit

account revolving fund established under section 235(c) of the Foreign Assistance Act of 1961;

(2) such sums as are appropriated pursuant to subsection (d) for such purpose; and

(3) additional amounts as may be transferred to such fund pursuant to section 7107.

(c) ORDER OF PAYMENTS TO DISCHARGE LIABILITIES.—Any payment made to discharge liabilities under investment insurance or reinsurance issued under section 7105 or under similar predecessor guaranty authority, shall be paid first out of the noncredit account revolving fund, as long as such fund remains available, and thereafter out of funds made available pursuant to subsection (d) of this section. Any payments made to discharge liabilities under guaranties issued under subsection (b) or (c) of section 7105 shall be paid in accordance with the Federal Credit Reform Act of 1990.

(d) AUTHORIZATION OF APPROPRIATIONS.—

(1) IN GENERAL.—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 noncredit account revolving fund, to discharge the liabilities under insurance, reinsurance, or guaranties issued by the Corporation or issued under prede-

cessor guaranty authority, or to discharge obligations of the Corporation purchased by the Secretary of the Treasury pursuant to this subsection.

(2) LIMITATION ON APPROPRIATIONS.—No appropriations may be made to augment the noncredit account revolving fund until the amount of funds in the noncredit account revolving fund is less than $25,000,000. Any appropriations to augment the noncredit account revolving fund shall then only be made either pursuant to specific authorization enacted after the date of the enactment of this Act, or to satisfy the full faith and credit provision of section 7108(c).

(3) ISSUANCE OF TREASURY INSTRUMENTS.—In order to discharge liabilities under investment insurance or reinsurance, the Corporation may issue from time to time for purchase by the Secretary of the Treasury its notes, debentures, bonds, or other obligations, except that the aggregate amount of such obligations outstanding at any one time may 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 the obligation. The Secretary of the Treasury shall purchase any obligation of the Corporation issued under this subsection, 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 (or the Second Liberty Bond Act), after the date of the enactment of the Overseas Private Investment Corporation Amendments Act of 1974. The purpose for which securities may be issued under such chapter shall include any such purchase.

SEC. 7107. INCOME AND REVENUES.

In order to carry out the purposes of the Corporation, all 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 its purposes, including without limitation—

(1) payment of all expenses of the Corporation, including investment promotion expenses;

(2) transfers and additions to the insurance or guaranty reserves, noncredit account revolving fund, and such other funds or reserves as the Corporation

may establish, at such time and in such amounts as the Board may determine; and

(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).

SEC. 7108. GENERAL PROVISIONS RELATING TO INSURANCE, GUARANTY, AND FINANCING PROGRAM.

(a) AGREEMENT WITH HOST COUNTRY.—Insurance, guaranties, and reinsurance issued under this subtitle shall cover investment made in connection with projects in any less developed country with the government to which the President of the United States has agreed to institute a program for insurance, guaranties, or reinsurance.

(b) PROTECTION OF INTERESTS OF CORPORATION.—The Corporation shall determine that suitable arrangements exist for protecting the interest of the Corporation in connection with any insurance, guaranty, or reinsurance issued under this subtitle, including arrangements concerning ownership, use, and disposition of the currency, credits, assets, or investments on account of which payment under such insurance, guaranty, or reinsurance is

to be made, and right, title, claim, or cause of action existing in connection therewith.

(c) FULL FAITH AND CREDIT OF THE UNITED STATES.—All insurance, reinsurance, and guaranties issued under this subtitle or predecessor guaranty authority shall constitute obligations, in accordance with the terms of such insurance, reinsurance, or guaranties, of the United States of America and the full faith and credit of the United States of America is hereby pledged for the full payment and performance of such obligations.

(d) FEES.—

(1) IN GENERAL.—Fees may be charged for providing insurance, reinsurance, guaranties, financing, and other services under this subtitle in amounts to be determined by the Corporation. In the event fees charged for insurance, reinsurance, guaranties, financing, or other services are reduced, fees to be paid under existing contracts for the same type of insurance, reinsurance, guaranties, financing, or services and for similar guaranties issued under predecessor guaranty authority may be reduced.

(2) CREDIT TRANSACTION COSTS.—Project-specific transaction costs incurred by the Corporation relating to loan obligations or loan guaranty commitments covered by the provisions of the Federal Cred-

it Reform Act of 1990, including the costs of project-related travel and expenses for legal representation provided by persons outside the Corporation and other similar expenses that are charged to the borrower, shall be paid out of the appropriate finance account established pursuant to section 505(b) of that Act.

(3) NONCREDIT TRANSACTION COSTS.—Fees paid for the project-specific transaction costs and other direct costs associated with services provided to specific investors or potential investors pursuant to section 7105 (other than those covered in paragraph (2)), including financing, insurance, reinsurance, missions, seminars, conferences, and other preinvestment services, shall be available for obligation for the purposes for which they were collected, notwithstanding any other provision of law.

(e) LIMITATION ON TERM OF ASSISTANCE.—No insurance, guaranty, or reinsurance of any equity investment may extend beyond 20 years from the date of issuance.

(f) LIMITATION ON COMPENSATION.—

(1) IN GENERAL.—Compensation for any insurance, reinsurance, or guaranty issued under this subtitle may not exceed the dollar value, as of the

date of the investment, of the investment made in the project with the approval of the Corporation, plus interest, earnings, or profits actually accrued on such investment to the extent provided by such insurance, reinsurance, or guaranties, except that the Corporation may provide that—

(A) appropriate adjustments in the insured dollar value be made to reflect the replacement cost of project assets;

(B) compensation for a claim of loss under insurance of an equity investment may be computed on the basis of the net book value attributable to such equity investment on the date of loss; and

(C) compensation for loss due to business interruption may be computed on a basis to be determined by the Corporation that reflects amounts lost.

(2) LIMITATION ON RISK OF LOSS.—Notwithstanding paragraph (1), the Corporation shall limit the amount of direct insurance and reinsurance issued by it under section 7105 so that risk of loss as to at least 10 percent of the total investment of the insured and its affiliates in the project is borne by the insured and such affiliates, except that limita-

tion shall not apply to direct insurance or reinsurance of loans by banks or other financial institutions to unrelated parties.

(g) NO PAYMENT WHEN FRAUD INVOLVED.—No payment may be made under any guaranty, insurance, or reinsurance issued under this subtitle for any loss arising out of fraud or misrepresentation for which the party seeking payment is responsible.

(h) LIMITATION ON INVESTMENT IN FOREIGN INSTITUTIONS.—Insurance, guaranties, or reinsurance issued under this subtitle of a loan or equity investment of an eligible investor in a foreign bank, finance company, or other credit institution shall extend only to such loan or equity investment and not to any individual loan or equity investment made by such foreign bank, finance company, or other credit institution.

(i) SETTLEMENT OF CLAIMS.—Claims arising as a result of insurance, reinsurance, or guaranty operations under this subtitle or under predecessor guaranty 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. Payment made pursuant to any such settlement, or as a result of an arbitration award, shall be final and conclusive, notwithstanding any other provision of law.

(j) PRESUMPTION OF COMPLIANCE OF CONTRACTS.—Each guaranty 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 subtitle.

(k) CONSIDERATION OF EFFECT ON BALANCE OF PAYMENTS.—In making a determination to issue insurance, guaranties, or reinsurance under this subtitle, the Corporation shall consider the possible adverse effect of the dollar investment under such insurance, guaranty, or reinsurance upon the balance of payments of the United States.

(l) VIOLATION OF FOREIGN CORRUPT PRACTICES ACT.—

(1) IN GENERAL.—No payment may be made under any insurance or reinsurance that is issued under this subtitle for any loss occurring with respect to a project, if the preponderant cause of such loss was an act by the investor seeking payment under this subtitle, by a person possessing majority ownership and control of the investor at the time of the act, or by any agent of such investor or controlling person, and a court of the United States has entered a final judgment that such act constituted a violation under the Foreign Corrupt Practices Act of

1977 or section 30A of the Securities Exchange Act of 1934.

(2) REGULATIONS TO BAR ELIGIBILITY.—The Corporation shall adopt regulations setting forth appropriate conditions under which any person convicted under the Foreign Corrupt Practices Act of 1977 or section 30A of the Securities Exchange Act of 1934 for an offense related to a project insured or otherwise supported by the Corporation shall be suspended, for a period of not more than 5 years, from eligibility to receive any insurance, reinsurance, guaranty, loan, or other financial support authorized by this subtitle.

(m) NOTIFICATION OF HOST COUNTRY OF HEALTH, SAFETY, AND ENVIRONMENTAL STANDARDS.—

(1) NOTIFICATION.—

(A) IN GENERAL.—Before finally providing insurance, reinsurance, guaranties, or financing under this subtitle for any environmentally sensitive investment in connection with a project in a country, the Corporation shall notify appropriate government officials of that country of—

(i) all guidelines and other standards adopted by the International Bank for Reconstruction and Development and any

other international organization relating to the public health or safety or the environment that are applicable to the project; and

(ii) to the maximum extent practicable, any restriction under any law of the United States relating to public health or safety or the environment that would apply to the project if the project were undertaken in the United States.

(B) CONTENTS OF NOTIFICATION.—The notification under the subparagraph (A) shall include a summary of the guidelines, standards, and restrictions referred to in clauses (i) and (ii) of subparagraph (A).

(2) CONSIDERATION OF COMMENTS.—Before finally providing insurance, reinsurance, guaranties, or financing for any investment subject to paragraph (1), the Corporation shall take into account any comments it receives on the project involved that the Corporation considers relevant to such project.

(n) PENALTIES FOR FRAUD.—Whoever knowingly makes any false statement or report, or willfully overvalues any land, property, or security, for the purpose of influencing in any way the action of the Corporation with

respect to any insurance, reinsurance, guaranty, loan, equity investment, or other activity of the Corporation under section 7105, or any change or extension of any such insurance, reinsurance, guaranty, loan, equity investment, or activity, by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security therefor, shall be fined not more than $1,000,000 or imprisoned not more than 30 years, or both.

(o) USE OF LOCAL CURRENCIES.—Direct loans or investments made in order to preserve the value of funds received in inconvertible foreign currency by the Corporation as a result of activities conducted pursuant to section 7105(a) shall not be considered in determining whether the Corporation has made or has outstanding loans or investments to the extent of any limitation on obligations and equity investment imposed by or pursuant to this subtitle. The provisions of section 504(b) of the Federal Credit Reform Act of 1990 shall not apply to direct loan obligations made with funds described in this subsection.

SEC. 7109. GENERAL PROVISIONS AND POWERS.

(a) PRINCIPAL OFFICE AND RESIDENCE.—The Corporation shall have its principal office in the District of Columbia and shall be deemed, for purposes of venue in civil actions, to be resident thereof.

(b) APPLICABILITY OF TITLE 31 PROVISIONS.—

(1) IN GENERAL.—The Corporation shall be subject to the applicable provisions of chapter 91 of title 31, United States Code, except as otherwise provided in this subtitle.

(2) AUDITS.—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. The independent certified public accountant shall report the results of such audit to the Board. The financial statements of the Corporation shall be presented in accordance with generally accepted accounting principles. These financial statements and the report of the accountant shall be included in a report that contains, to the extent applicable, the information identified in section 9106 of title 31, United States Code, and that the Corporation shall submit to the Congress not later than 3 months after the end of the last fiscal year covered by the audit. The Comptroller General may review the audit conducted by the accountant and the report to the Congress in the manner and at such times as the Comptroller General considers necessary.

(3) AUDIT BY GAO.—The Comptroller General shall, if the Comptroller General considers it necessary or upon the request of the Congress, audit the financial statements of the Corporation in the manner provided in paragraph (2). The Corporation shall reimburse the Government Accountability Office for the full cost of any audit conducted under this paragraph.

(4) AVAILABILITY OF OPIC RECORDS.—All books, accounts, financial records, reports, files, workpapers, and property belonging to or in use by the Corporation and the accountant who conducts the audit under paragraph (2), that are necessary for purposes of this subsection, shall be made available to the representatives of the Government Accountability Office.

(c) GENERAL AUTHORITIES.—To carry out the purposes of this subtitle, the Corporation may—

(1) adopt and use a corporate seal, which shall be judicially noticed;

(2) sue and be sued in its corporate name;

(3) adopt, amend, and repeal bylaws governing the conduct of its business and the performance of the powers and duties granted to or imposed upon it by law;

(4) 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 therein;

(5) invest funds derived from fees and other revenues in obligations of the United States and use the proceeds therefrom, including earnings and profits, as it considers appropriate;

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

(7) require bonds of officers, employees, and agents and pay the premiums therefor;

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

(9) enter into limited-term contracts with nationals of the United States for personal services to carry out activities in the United States and abroad under subsections (d) and (e) of section 7105;

(10) purchase, discount, rediscount, sell, and negotiate, with or without its endorsement or guaranty, and guarantee notes, participation certificates, and other evidence of indebtedness (except that the

Corporation may not issue its own securities, except participation certificates for the purpose of carrying out section 7101(b)(2)(C) or participation certificates as evidence of indebtedness held by the Corporation in connection with settlement of claims under section 7108(i));

(11) make and carry out such contracts and agreements as are necessary and advisable in the conduct of its business;

(12) exercise the priority of the United States Government in collecting debts from bankrupt, insolvent, or decedents' estates;

(13) determine the character of and the necessity for its obligations and expenditures, and the manner in which they shall be incurred, allowed, and paid, subject to provisions of law specifically applicable to Government corporations;

(14) collect or compromise any obligations assigned to or held by the Corporation, including any legal or equitable rights accruing to the Corporation; and

(15) take such actions as may be necessary or appropriate to carry out its powers.

(d) DEVELOPMENT IMPACT PROFILES.—In order to carry out the purpose set forth in section 7101, the Cor-

1 poration shall prepare and maintain for each investment
2 project it insures, finances, or reinsures, a development
3 impact profile consisting of data appropriate to measure
4 the projected and actual effects of such project on develop-
5 ment. Criteria for evaluating projects shall be developed
6 in consultation with the United States Agency for Inter-
7 national Development.

8 (e) HUMAN RIGHTS.—The Corporation shall take
9 into account in the conduct of its programs in a country,
10 in consultation with the Secretary of State, all available
11 information about observance of and respect for human
12 rights and fundamental freedoms in such country and the
13 effect the operation of such programs will have on human
14 rights and fundamental freedoms in such country.

15 (f) TAXATION.—The Corporation, including its fran-
16 chise, capital, reserves, surplus, advances, intangible prop-
17 erty, and income, shall be exempt from all taxation at any
18 time imposed by the United States, by any territory, de-
19 pendency, or possession of the United States, or by any
20 State, the District of Columbia, or any county, munici-
21 pality, or local taxing authority.

22 (g) PUBLICATION OF POLICY GUIDELINES.—The
23 Corporation shall publish, and make available to appli-
24 cants for insurance, reinsurance, guaranties, financing, or
25 other assistance made available by the Corporation under

this subtitle, the policy guidelines of the Corporation relating to its programs.

SEC. 7110. REPORTS TO THE CONGRESS.

(a) ANNUAL REPORT.—Not later than 3 months after the end of each fiscal year, the Corporation shall submit to the Congress a complete and detailed report of its operations during such fiscal year. Such report shall include—

(1) an assessment, based upon the development impact profiles required by section 7109(d), of the economic and social development impact and benefits of the projects with respect to which such profiles are prepared, and of the extent to which the operations of the Corporation complement or are compatible with the development assistance programs of the United States and other donors; and

(2) a description of any project for which the Corporation—

(A) refused to provide any insurance, reinsurance, guaranty, financing, or other financial support, on account of information received under section 7109(e); or

(B) notwithstanding such violations, provided such insurance, reinsurance, guaranty, financing, or financial support, on the basis of a

determination that the national security interest so requires.

(b) PROJECTIONS ON U.S. EMPLOYMENT.—

(1) IN ANNUAL REPORTS.—Each annual report required by subsection (a) shall contain projections of the effects on employment in the United States of all projects for which, during the preceding fiscal year, the Corporation initially issued any insurance, reinsurance, or guaranty or made any direct loan. Each such report shall include projections of—

(A) the amount of United States exports to be generated by those projects, both during the startup phase and over a period of years;

(B) the final destination of the products to be produced as a result of those projects; and

(C) the impact such production will have on the production of similar products in the United States with regard to both domestic sales and exports.

(2) ANALYSIS OF EACH PROJECT REQUIRED.—The projections required by this subsection shall be based on an analysis of each of the projects described in paragraph (1).

(3) INFORMATION TO BE INCLUDED.—

(A) IN GENERAL.—In reporting the projections on employment required by this subsection, the Corporation shall specify, with respect to each project—

(i) any loss of jobs in the United States caused by the project, whether or not the project itself creates other jobs;

(ii) any jobs created by the project; and

(iii) the country in which the project is located, and the economic sector involved in the project.

(B) PROTECTION OF PROPRIETARY INFORMATION.—No proprietary information may be disclosed under subparagraph (A).

(c) RECORDS TO BE MAINTAINED BY CORPORATION.—The Corporation shall maintain as part of its records a copy of the analysis done of each project in preparing the reports required by subsection (b).

(d) PROTECTION OF CONFIDENTIAL INFORMATION.—Subsection (b) does not require the inclusion in any report submitted pursuant to that subsection of any information that would not be required to be made available to the public pursuant to section 552 of title 5, United States Code (relating to freedom of information).

SEC. 7111. DEFINITIONS.

In this subtitle:

(1) ELIGIBLE INVESTOR.—The term ''eligible investor'' means—

(A) a United States citizen; and

(B) a corporation, partnership, or other association, including a nonprofit association, that is created under the laws of the United States, any State or territory thereof, or the District of Columbia.

(2) EXPROPRIATION.—The term ''expropriation'' includes 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, if 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.

(3) INVESTMENT.—The term ''investment'' includes any contribution or commitment of funds, commodities, services, patents, processes, or techniques, in the form of—

(A) a loan or loans to an approved project;

(B) the purchase of a share of ownership in any such project;

(C) participation in royalties, earnings, or profits of any such project; and

(D) the furnishing of commodities or services pursuant to a lease or other contract.

(4) LOCAL FINANCIAL INSTITUTION.—The term ''local financial institution''—

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

(B) 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.

(5) NONCREDIT ACCOUNT REVOLVING FUND.—The term ''noncredit account revolving fund'' means the noncredit account revolving fund established under section 7106(b).

(6) NONCREDIT ACTIVITIES.—The term ''noncredit activities'' means all activities of the Corporation other than its loan guaranty program under section 7105(b) and its direct loan program under section 7105(c).

(7) PREDECESSOR GUARANTY AUTHORITY.—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, section 111(b)(3) of the Economic Cooperation Act of 1948 (exclusive of authority relating to informational media guaranties), and authorities of the Corporation under title IV of chapter 2 of part I of the Foreign Assistance Act of 1961.

(8) UNITED STATES PERSON.—The term ''United States person'' means—

(A) a United States citizen or national; and

(B) any other entity that qualifies as an eligible investor.

Subtitle B—United States Trade and Development Agency

SEC. 7201. UNITED STATES TRADE AND DEVELOPMENT AGENCY.

(a) PURPOSE.—The United States Trade and Development Agency (in this subtitle referred to as the ''Agency'') shall be an agency of the United States under the policy guidance of the Secretary of State and the Inter-

1 agency Policy Committee on Global Development. The pri-
2 mary purpose of the Agency is to facilitate United States
3 private sector participation in development projects in de-
4 veloping countries, consistent with Country Development
5 Cooperation Strategies prepared under section 1018. The
6 Agency may also utilize its authorities and programs in
7 other countries in furtherance of United States foreign
8 policy and economic interests.

9 (b) AUTHORITY TO PROVIDE ASSISTANCE.—

10 (1) AUTHORITY.—The Director of the Agency
11 may, under the direction of the Secretary of State
12 and the Interagency Policy Committee on Global De-
13 velopment, carry out this subtitle by providing funds
14 for technical assistance, feasibility studies, architec-
15 tural and engineering design, and other activities re-
16 lated to the goals of the United States to attract and
17 retain private sector investment in countries that are
18 receiving United States development assistance
19 under this Act and to promote exports of United
20 States-origin goods and services.

21 (2) USE OF FUNDS.—Funds under this section
22 may be used to provide support for feasibility studies
23 for the planning, development, and management of,
24 and procurement for, bilateral and multilateral de-
25 velopment projects, including training activities un-

dertaken in connection with a project, for the purpose of promoting the use of United States-origin goods and services in such projects. Funds under this section may also be used for architectural and engineering design, including—

(A) concept design, which establishes the basic technical and operational criteria for a project, such as architectural drawings for a proposed facility, evaluation of site constraints, procurement requirements, and equipment specifications;

(B) detail design, which sets forth specific dimensions and criteria for structural, mechanical, electrical, and architectural operations, and identifies other resources required for project operations; and

(C) technical assistance to facilitate the attraction and retention of private sector investment to sustain economic development.

(3) INFORMATION DISSEMINATION.—

(A) BY THE AGENCY.—The Agency shall disseminate information about its project activities to the private sector.

(B) COOPERATION OF OTHER AGENCIES.—Other Federal agencies shall cooperate with the

Agency in order for the Agency to provide more effectively informational services to persons in the private sector concerning trade development and export promotion related to development projects.

(4) CONTRIBUTIONS TO COSTS.—The Agency shall, to the maximum extent practicable, require corporations and other entities to—

(A) share the costs of technical assistance, feasibility studies, and other project planning services funded under this section; and

(B) reimburse the Agency for those funds provided under this section, if the corporation or entity concerned succeeds in implementing the project.

(c) DIRECTOR AND PERSONNEL.—

(1) DIRECTOR.—There shall be at the head of the Agency a Director who shall be appointed by the President, by and with the advice and consent of the Senate.

(2) OFFICERS AND EMPLOYEES.—

(A) IN GENERAL.—The Director may appoint such officers and employees of the Agency as the Director considers appropriate.

(B) FUNCTIONS.—The officers and employees appointed under this paragraph shall have such functions as the Director may determine.

(C) INAPPLICABILITY OF CIVIL SERVICE LAWS.—Of the officers and employees appointed under this paragraph, 2 may be appointed without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and may be compensated without regard to the provisions of chapter 51 or subchapter III of chapter 53 of such title.

(D) REINSTATEMENT OF CERTAIN EMPLOYEES.—Under such regulations as the President may prescribe, any individual appointed under subparagraph (C) may be entitled, upon removal (except for cause) from the position to which the appointment was made, to reinstatement to the position occupied by that individual at the time of appointment or to a position of comparable grade and pay.

(d) ANNUAL REPORT.—The President shall, not later than December 31 of each year, submit to the appropriate

1 congressional committees a report on the activities of the
2 Agency during the preceding fiscal year.

3 (e) AUDITS.—

4 (1) IN GENERAL.—The Agency shall be subject
5 to the provisions of chapter 35 of title 31, United
6 States Code, except as otherwise provided in this
7 section.

8 (2) INDEPENDENT AUDIT.—An independent
9 certified public accountant shall perform a financial
10 and compliance audit of the financial statements of
11 the Agency each year, in accordance with generally
12 accepted Government auditing standards for a finan-
13 cial and compliance audit, taking into consideration
14 any standards recommended by the Comptroller
15 General. The independent certified public accountant
16 shall report the results of such audit to the Director
17 of the Agency. The financial statements of the Agen-
18 cy shall be presented in accordance with generally
19 accepted accounting principles. These financial state-
20 ments and the report of the accountant shall be in-
21 cluded in a report that contains, to the extent appli-
22 cable, the information identified in section 3512 of
23 title 31, United States Code, and that the Agency
24 shall submit to the Congress not later than 6½
25 months after the end of the last fiscal year covered

by the audit. The Comptroller General may review the audit conducted by the accountant and the report to the Congress in the manner and at such times as the Comptroller General considers necessary.

(3) AUDIT BY COMPTROLLER GENERAL.—The Comptroller General shall, if the Comptroller General considers it necessary or upon the request of the Congress, audit the financial statements of the Agency in the manner provided in paragraph (2).

(4) AVAILABILITY OF INFORMATION.—All books, accounts, financial records, reports, files, workpapers, and property belonging to or in use by the Agency and the accountant who conducts the audit under paragraph (2), that are necessary for purposes of this subsection, shall be made available to the representatives of the Government Accountability Office designated by the Comptroller General.

(f) FUNDING FOR TECHNICAL ASSISTANCE GRANTS BY MULTILATERAL DEVELOPMENT BANKS.—

(1) IN GENERAL.—The Agency, in carrying out its program, may provide, as appropriate, funds to multilateral development banks for technical assistance grants.

(2) DEFINITIONS.—As used in paragraph (1)—

(A) the term ''technical assistance grants'' means funding by multilateral development banks of services from the United States in connection with projects and programs supported by such banks, including engineering, design, and consulting services; and

(B) the term ''multilateral development bank'' has the meaning given that term in section 1701(c) of the International Financial Institutions Act (22 U.S.C. 262r(c)).

Subtitle C—Enterprise Funds

SEC. 7301. FINDINGS.

Congress makes the following findings:

(1) Enterprise funds are an effective mechanism to foster economic growth in support of United States foreign policy and development goals, by stimulating private capital flows and expanding financing for free market-based private enterprise.

(2) Enterprise funds provide incentives for improvements in legal systems, commercial and tax codes, and accounting practices, as essential foundations for sustained economic growth.

SEC. 7302. PURPOSES.

The purposes of this subtitle are—

(1) to promote the private sector of partner countries while considering the development impact of investments and profitability of those investments, particularly in small- and medium-sized enterprises;

(2) to promote policies and practices conducive to strengthening the private sector through loans, microloans, equity investments, insurance, guaranties, grants, feasibility studies, technical assistance, training for businesses receiving investment capital, and other measures;

(3) to promote good corporate governance and transparency, foster competition, catalyze productivity improvements in existing businesses, and strengthen local capital markets;

(4) to promote stability and security through job creation in the private sector and by fostering upward economic mobility; and

(5) to promote fiscal sustainability through expanded private sector adherence to tax codes and, where appropriate, foster improvements in the tax code and regulatory environment in order to support economic development.

SEC. 7303. AUTHORITY TO DESIGNATE ENTERPRISE FUNDS.

(a) AUTHORITY.—

(1) IN GENERAL.—The Administrator is authorized to designate private, nonprofit organizations to operate pursuant to this subtitle as enterprise funds, as eligible to receive funds and support pursuant to this subtitle after determining that such organizations have been established for the purposes specified in section 7302.

(2) CONSULTATION.—The Administrator shall consult with the appropriate congressional committees before designating an organization under paragraph (1).

(b) BOARD OF DIRECTORS.—

(1) NUMBER AND APPOINTMENT.—Each enterprise fund shall be governed by a board of directors. Subject to paragraph (3), the board of directors shall be composed of 9 members appointed by the Administrator as follows:

(A) Five individuals who are private citizens of the United States.

(B) Three individuals who are private citizens of the country in which the enterprise fund will operate, to be appointed by the Administrator in consultation with the government of such country.

(C) One individual who is an officer or employee of the United States Agency for International Development.

(2) QUALIFICATIONS.—Each member of the board of directors appointed under paragraph (1) shall be selected from among individuals who have demonstrated expertise in one or more of the following areas: business development, commerce, international markets, capital investment, banking, and finance.

(3) NONVOTING MEMBERS.—The Administrator may appoint not more than 2 additional members of the board of directors, who may not vote on matters before the board of directors. If appointed, such additional members shall be representatives of nongovernmental organizations that have demonstrated expertise in the development needs of the country served by the enterprise fund.

(c) USE OF AMOUNTS.—

(1) IN GENERAL.—The Administrator may use funds appropriated by Congress to carry out the purposes specified in section 7302, including payment of the administrative expenses of the enterprise fund.

(2) GRANTS.—The Administrator may use funds appropriated by Congress to make grants to enterprise funds designated under subsection (a), except that such appropriated funds may be used only for the purposes set forth in section 7302.

(3) COMPLIANCE REQUIREMENTS.—

(A) IN GENERAL.—The Administrator not award a grant to an enterprise fund under paragraph (2) unless the Administrator and enterprise fund enter into a grant agreement under which the enterprise fund agrees to comply with the requirements under this section.

(B) TERMINATION DATE.—Such grant agreement shall state that the enterprise fund shall liquidate its assets and dissolve not later than a date determined by the Administrator, unless the Administrator determines, after consultation with the appropriate congressional committees, that the enterprise fund should be extended.

(C) DISPOSITION OF ASSETS.—At the time the enterprise fund is dissolved, the assets of the enterprise fund shall be transferred to the General Fund of the United States Treasury.

(d) NOTIFICATION TO CONGRESS.—

(1) IN GENERAL.—Not less than 15 days before designating an organization to operate as an enterprise fund under subsection (a), the Administrator shall provide the information described in paragraph (2) to the appropriate congressional committees.

(2) INFORMATION.—The information described in this paragraph is—

(A) the identity of the organization to be designated to operate as the enterprise fund under subsection (a);

(B) the names and qualifications of the individuals who will comprise the board of directors of the enterprise fund; and

(C) a copy of the grant agreement between the Administrator and the enterprise fund.

(e) PUBLIC DISCLOSURE.—Not later than 1 year after the entry into force of the grant agreement between the Administrator and an enterprise fund under this section, and annually thereafter, the enterprise fund shall prepare and make available to the public on an Internet website administered by the enterprise fund a report on the enterprise fund's activities during the previous year, including—

(1) a description of each investment supported by the enterprise fund, including each type of assistance provided in accordance with section 7303(c);

(2) the amounts invested by the enterprise fund in each company or project;

(3) the amounts of additional private investments made in each company or project;

(4) the amounts of any profits or losses realized by the enterprise fund in connection with each such company or project;

(5) the nature and amounts of administrative expenses incurred by the enterprise fund; and

(6) the annual independent audit of the enterprise fund, as required under this subtitle.

SEC. 7304. GAO REPORTS.

Not later than 3 years after the establishment of an enterprise fund under this subtitle, and every 3 years thereafter until the enterprise fund is dissolved, the Comptroller General of the United States shall submit to the appropriate congressional committees a report assessing the activities of the enterprise fund in achieving the purposes of enterprise funds under this subtitle, identifying obstacles to achieving such purposes, and recommending such operational improvements in the enterprise fund that the Comptroller General determines are necessary.

SEC. 7305. OPERATION PROVISIONS.

(a) PRIVATE CHARACTER OF ENTERPRISE FUNDS.—Nothing in this subtitle shall be construed to make an enterprise fund an agency or establishment of the United States Government, or to make the officers, employees, or members of the board of directors of an enterprise fund officers or employees of the United States for purposes of title 5, United States Code.

(b) MATTERS TO BE CONSIDERED BY ENTERPRISE FUNDS.—In carrying out this subtitle, each enterprise fund shall take into account such considerations as internationally recognized worker rights and other internationally recognized human rights, environmental factors, United States economic and employment effects, and the likelihood of commercial viability of the activity receiving assistance from the enterprise fund.

(c) RETENTION OF INTEREST.—An enterprise fund may hold funds granted to it pursuant to this subtitle in interest-bearing accounts, prior to the disbursement of such funds for purposes specified in section 7302, and may retain for such program purposes any interest earned on such deposits without returning such interest to the Treasury of the United States and without further appropriation by the Congress.

(d) USE OF UNITED STATES PRIVATE VENTURE CAPITAL.—In order to maximize the effectiveness of the

activities of the enterprise funds, each enterprise fund may conduct public offerings or private placements for the purpose of soliciting and accepting United States venture capital which may be used, separately or together with funds made available pursuant to this subtitle, for any lawful investment purpose that the board of directors of the enterprise fund may determine in carrying out this subtitle. Financial returns on enterprise fund investments that include a component of private venture capital may be distributed, at such times and in such amounts as the board of directors of the enterprise fund may determine, to the investors of such capital.

(e) NONAPPLICABILITY OF OTHER LAWS.—Executive branch agencies may conduct programs and activities and provide services in support of the activities of the enterprise funds notwithstanding any other provision of law.

(f) LIMITATION ON PAYMENTS TO ENTERPRISE FUND PERSONNEL.—

(1) BENEFITS BARRED.—No part of the funds of an enterprise fund shall inure to the benefit of any board member, officer, or employee of that enterprise fund, except as salary or reasonable compensation for services, subject to paragraph (2).

(2) CERATIN COMPENSATION BARRED.—An enterprise fund may not pay compensation for services to—

(A) any board member of the enterprise fund, except for services as a board member; or

(B) any firm, association, or entity in which a board member of the enterprise fund serves as partner, director, officer, or employee.

(3) EXCEPTION FOR PRIOR SERVICES.—Nothing in paragraph (2) shall preclude payment for services performed before the date of the enactment of this subsection, nor for arrangements approved by the grantor and notified in writing to the Committees on Appropriations of the House of Representatives and the Senate.

(g) INDEPENDENT PRIVATE AUDITS.—The accounts of each enterprise fund shall be audited annually in accordance with generally accepted auditing standards by independent certified public accountants or independent licensed public accountants certified or licensed by a regulatory authority of a State or other political subdivision of the United States. The report of each such independent audit shall be included in the annual report required by this section.

(h) GAO AUDITS.—The financial transactions undertaken pursuant to this subtitle by each enterprise fund may be audited by the Government Accountability Office in accordance with such principles and procedures and under such rules and regulations as may be prescribed by the Comptroller General of the United States, so long as the enterprise fund is in receipt of United States Government grants.

(i) RECORDKEEPING REQUIREMENTS.—The enterprise funds shall ensure—

(1) that each recipient of assistance provided through the enterprise funds under this subtitle keeps—

(A) separate accounts with respect to such assistance;

(B) such records as may be reasonably necessary to disclose fully the amount and the disposition by such recipient of the proceeds of such assistance, the total cost of the project or undertaking in connection with which such assistance is given or used, and the amount and nature of that portion of the cost of the project or undertaking supplied by other sources; and

(C) such other records as will facilitate an effective audit; and

(2) that the enterprise funds, or any of their duly authorized representatives, have access for the purpose of audit and examination to any books, documents, papers, and records of the recipient that are pertinent to assistance provided through the enterprise funds under this section.

(j) ANNUAL REPORTS.—Each enterprise fund shall publish an annual report, which shall include a comprehensive and detailed description of the enterprise fund's operations, activities, financial condition, and accomplishments under this subtitle for the preceding fiscal year. This report shall be published not later than January 31 each year, beginning in the calendar year after the calendar year in which the enterprise fund is designated under this subtitle.

(k) REINVESTMENT.—Returns on investments of an enterprise fund and other payments to the fund may be reinvested in projects carried out by the fund without further appropriation by Congress.

SEC. 7306. BEST PRACTICES AND PROCEDURES.

To the maximum extent practicable, the board of directors of each enterprise fund established under this subtitle should adopt the best practices and procedures used by enterprise funds, including those for which funding was made available pursuant to section 201 of the Support for

East European Democracy (SEED) Act of 1989 (22 U.S.C. 5421).

SEC. 7307. EXPERIENCE OF OTHER ENTERPRISE FUNDS.

In implementing this subtitle, the Administrator shall ensure that the articles of incorporation of each enterprise fund (including provisions specifying the responsibilities of the board of directors of the enterprise fund), the terms of United States Government grant agreements with the enterprise fund, and United States Government oversight of the enterprise fund are, to the maximum extent practicable, consistent with the Articles of Incorporation of, the terms of grant agreements with, and the oversight of the Enterprise Funds established pursuant to section 201 of the Support for East European Democracy (SEED) Act of 1989 (22 U.S.C. 5421) and comparable provisions of law.

TITLE IX—STRATEGIC PLANNING, MONITORING AND EVALUATION, AND REPORTING

Subtitle A—Strategic Planning

SEC. 9101. QUADRENNIAL DIPLOMACY, DEVELOPMENT, AND SECURITY REVIEW.

(a) REVIEW OF DIPLOMACY, DEVELOPMENT, AND SECURITY.—

(1) IN GENERAL.—Not later than December 15, 2014, and every 4 years thereafter, the Secretary and the Administrator shall complete a comprehensive examination (to be known as a ''Quadrennial Diplomacy, Development, and Security Review'') of United States diplomacy, development, and national security efforts.

(2) KEY ELEMENTS OF REVIEW.—The review described in paragraph (1) shall include information on the following:

(A) The nature of the global challenges and opportunities facing the United States and the changes in such challenges and opportunities over the previous four-year period.

(B) Key objectives and missions for United States foreign policy and foreign assistance, including a clear statement of United States objectives for development assistance and for security assistance.

(C) The roles and responsibilities of Federal agencies in carrying out United States diplomacy, promoting global development, and protecting national security, and the mechanisms for cooperation between such agencies, including any reforms needed in such agencies

and mechanisms to adapt to changing circumstances.

(D) The roles of international organizations and multilateral institutions in advancing United States diplomatic, development, and security objectives, including the mechanisms for coordinating and harmonizing development policies and programs with partner countries and among donors.

(E) The requirements for overseas infrastructure necessary to carry out United States diplomatic, development, and security objectives, including major changes in diplomatic presence and new investments in technology and facilities.

(F) A plan, budget, and timetable for implementing the recommendations of the review, including any legislative requests and executive orders to be issued.

(3) INTERAGENCY COORDINATION AND CONSULTATION.—In conducting each Quadrennial Diplomacy, Development, and Security Review, the Secretary and the Administrator shall take into account the views of the Secretary of Defense, the Secretary of the Treasury, the Attorney General, and the

heads of all other Federal agencies carrying out international policies and programs under this Act.

(b) CONSULTATIVE PROCESS.—In conducting the review required under subsection (a), the Secretary and the Administrator shall consult with—

(1) the appropriate congressional committees;

(2) a variety of civil society groups, including private businesses, nongovernmental organizations involved in diplomacy, development, and security, and experts at academic institutions or institutions involved in the study of foreign policy, international development, or national security; and

(3) appropriate international organizations and partner countries.

(c) REPORT.—

(1) ADDITIONAL ELEMENTS.—The Secretary and the Administrator shall transmit to the appropriate congressional committees a report upon completion of each Quadrennial Diplomacy, Development, and Security Review. The report shall include, in addition to all the elements identified in subsection (a)(2)—

(A) the assumptions used to inform the review, including those regarding—

(i) key global challenges and opportunities facing the United States over the next 10-year period;

(ii) the capacity of United States diplomatic, development, and security personnel to respond to such challenges and opportunities;

(iii) the cooperation and capacity of partner countries and international institutions in addressing such challenges and opportunities;

(iv) the levels of engagement in operations other than war and smaller-scale contingencies and withdrawal from such operations and contingencies;

(v) the intensity, duration, and military and political end-states of conflicts and smaller-scale contingencies that arise in the diplomatic, development, and security context;

(vi) the anticipated roles and missions of the reserve components available to civilian agencies, including capabilities and resources necessary to assure that such re-

serve components can capably discharge such roles and missions; and

(vii) the extent to which diplomatic, development, and security personnel need to be shifted to different regions to successfully carry out the full range of missions called for in the review;

(B) a description of the process by which the review was conducted, including participation of personnel of the Department of State and the United States Agency for International Development, coordination and consultation with other Federal agencies, and consultations as required under subsection (b); and

(C) lessons learned during the review process and recommendations for improvements in future years.

(2) PUBLIC AVAILABILITY.—The report required under this subsection shall be made publicly available on the Internet upon transmission to the appropriate congressional committees.

SEC. 9102. COMPREHENSIVE WORKFORCE AND HUMAN RESOURCES STRATEGY.

(a) PLAN REQUIRED.—The Administrator shall, not later than 1 year after the date of the enactment of this

Act and every 5 years thereafter, develop a comprehensive workforce and human resources strategy, or review and modify as necessary the existing strategy, to strengthen the capacity of the Agency to carry out its mandate under section 11201.

(b) CONTENTS.—The strategy required under subsection (a) shall include—

(1) an assessment of the implications of current development strategies and foreign policy priorities for technical and policy expertise;

(2) the number, types, and level of specialists and generalists projected to be needed in each functional and geographic area, including support, management, and administrative functions;

(3) the number, types, and level of specialists and generalists currently employed by the Agency, by bureau and office and by employment category;

(4) an analysis of the workloads and competencies of existing staff, by bureau and office and by employment category;

(5) the impact on paragraphs (3) and (4) of projected retirement and attrition rates over the next 5 years;

(6) the steps needed to recruit, retain, and develop the necessary professional expertise, including

through education and training, details, fellowships, scholarships and exchanges;

(7) an assessment of the suitability of overseas facilities, including security, space, health and safety, physical integrity, access and location considerations;

(8) a prioritized plan for capital improvements;

(9) projected human resource challenges, including bureaucratic and legislative constraints, and recommended options for meeting such challenges; and

(10) the assumptions regarding program and policy priorities and budget levels on which the strategy is based.

(c) EMPLOYMENT CATEGORY.—For the purposes of this section, the term ''employment category'' means the statutory authority under which an individual is employed, and includes civil service, Foreign Service, excepted service, personal services contractors, detailees, and locally employed staff.

(d) TRANSMISSION TO CONGRESS.—The plan required under subsection (a) shall be transmitted to the appropriate congressional committees not later than 180 days after the date of the enactment of this Act, and every

5 years thereafter. Such plan may be updated at any time, and such update shall be transmitted accordingly.

(e) MID-LEVEL HIRING AUTHORITY.—If the Administrator certifies that such hiring is necessary to meet the workforce requirements of the Agency as set forth in the plan required under subsection (a), the Administrator is authorized, notwithstanding section 307 of the Foreign Service Act of 1980, to hire up to 30 mid-career professionals, which may include individuals currently employed as personal services contractors, in each of the 3 fiscal years following the date of the enactment of this Act.

Subtitle B—Monitoring and Evaluation

SEC. 9201. MONITORING AND EVALUATION OF FOREIGN ASSISTANCE.

(a) IN GENERAL.—The President shall develop and implement a rigorous system to evaluate the effectiveness and efficiency of foreign assistance.

(b) COMPONENTS OF SYSTEM.—In order to avoid duplication, ensure comprehensive coverage, promote high and uniform standards, and facilitate comparability of results and the development of a strong body of evidence, the system required under subsection (a) shall include—

(1) a method of coordinating evaluation activities among all Federal agencies carrying out foreign assistance; and

(2) a process for consulting with relevant stakeholders and subject matter experts, as appropriate, on the planning, design, and implementation of evaluation activities and dissemination of evaluation findings.

(c) REQUIRED ACTIONS.—In carrying out subsection (a), the President shall ensure that the head of each Federal agency takes the following actions with regard to foreign assistance carried out by that agency:

(1) Establish measurable and meaningful performance objectives, including disaggregation by sex and age where appropriate.

(2) Establish criteria for the selection of programs, projects, and activities to be subject to various evaluation methodologies, with a particular emphasis on impact evaluation.

(3) Establish or designate an organizational unit with adequate staff and resources to oversee and provide technical support for evaluation activities.

(4) Develop a plan for improving the capacity of the agency to conduct rigorous, relevant, and ob-

jective program monitoring and evaluation, including by—

(A) providing relevant education and training opportunities;

(B) encouraging the adoption of improved methodologies for data collection and analysis; and

(C) ensuring that best practices are shared within and between agencies.

(5) Establish guidelines for enhancing, in cooperation with other donors, the capacity of partner countries to monitor the use of and evaluate the impact of donor assistance.

(6) Establish a process for applying the findings and results of monitoring and evaluation activities, including impact evaluation research, into future program planning, budgeting, design, and implementation.

(7) Establish a policy for the publication of program evaluations.

(8) Develop, in consultation with relevant stakeholders an annual evaluation plan that describes how the agency will meet the requirements of this section.

(9) Identify the source or mechanism of funding to conduct monitoring and evaluation of foreign assistance carried out by such agency.

(d) SUBMISSION OF EVALUATION PLANS.—The President shall ensure that the evaluation plans required by subsection (c)(8) are submitted to the appropriate congressional committees each year along with the annual budget presentation, and are published on a government Internet website.

(e) LOCAL PERFORMANCE.—To the extent feasible and appropriate, evaluation activities carried out pursuant to the requirements of this section shall be carried out by, or with the participation of, organizations in the partner country.

(f) DEFINITIONS.—In this section:

(1) EVALUATION.—The term ''evaluation'' means the systematic and objective determination and assessment of the design, implementation, and results of an on-going or completed program, project, or activity, including an explanation of the reasons or causes for the observed results.

(2) IMPACT.—The term ''impact'' means a long-term effect of a program, project, or activity, whether positive or negative, direct or indirect, intended or unintended.

(3) IMPACT EVALUATION RESEARCH.—The term ''impact evaluation research'' means the application of research methods and statistical analysis to measure the extent to which an impact can be attributed to a foreign assistance program, project, or activity rather than to other factors.

SEC. 9202. MONITORING AND EVALUATION OF HUMANITARIAN ASSISTANCE.

(a) DIVISION OF RESPONSIBILITIES.—The Department of State shall be responsible for monitoring and evaluating humanitarian assistance carried out by the Department of State, and USAID shall be responsible for monitoring and evaluating humanitarian assistance carried out by USAID.

(b) CONGRESSIONAL NOTIFICATION.—The Secretary or the Administrator, as appropriate, shall notify the appropriate congressional committees if assistance made available under this subtitle is not sufficient to meet international humanitarian standards. Such notification shall include a description of the standards not being met, the resources that would be required to meet such standards, and the reasons why such resources are not available.

(c) ROLE OF THE OFFICE OF FOOD FOR PEACE.—The Office of Food for Peace (FFP) of the Agency shall be responsible for tracking and monitoring the nutritional

outcomes of emergency food assistance provided under this Act and title II of the Agricultural Trade Development and Assistance Act of 1954 (Public Law 83–480).

(d) MONITORING AND EVALUATION REQUIRED.—The authorities of sections 1904 and 1905 shall not be used to vitiate the requirement of section 9201 for monitoring and evaluation of foreign assistance.

Subtitle C—Reporting Requirements

SEC. 9301. TRANSPARENCY AND ACCOUNTABILITY IN BUDGETING.

(a) IN GENERAL.—The Secretary, the Administrator, and the Chief Executive Officer of the Millennium Challenge Corporation shall maintain an online database of information, easily accessible to the public, which contains the information described in subsection (b) for each project and activity within their respective areas of responsibility, including for any project or activity for which funds are transferred to another Federal agency for obligation.

(b) DATABASE REQUIREMENTS.—

(1) CONTENT.—Each project and activity shall be identified separately in such database, and for each project and activity the database shall include, at a minimum—

(A) a brief description of the nature of the project or activity;

(B) the geographic location or locations in which the project or activity is being carried out;

(C) the specific objectives and timetable of the project or activity;

(D) the indicators, which shall be quantitative wherever possible and relevant, used to define the successful achievement of the goals of the project or activity;

(E) the number and demographic characteristics of the intended beneficiaries of the project or activity;

(F) each sector, theme, goal and objective toward which the project or activity will be counted;

(G) names and descriptions of the implementing partners of the project or activity;

(H) the amount of United States foreign assistance funds obligated for each such project or activity and the source of those funds;

(I) expenditures of funds for the project or activity on a quarterly basis;

(J) the contributions toward the project or activity provided by the partner country;

(K) any conditions placed on the use of United States Government funds obligated for the project or activity, and whether those conditions have been met;

(L) the evaluation and monitoring plan for each such project or activity;

(M) semiannual updates on results achieved to date for each such project or activity; and

(N) if a project or activity has been extended, suspended, terminated, or significantly modified, the reasons for such action.

(2) ADMINISTRATIVE COSTS.—In addition to the information relating to specific projects and activities as required under paragraph (1), the database shall contain, for each overseas mission, information on all overhead and administrative costs, including—

(A) for the previous fiscal year, numbers of staff in each employment category, housing and facilities operation and maintenance expenses, salaries and benefits, travel and transportation expenses, and other support costs; and

(B) for the coming fiscal year, planned capital investments and projected staff increases or reductions.

(3) TIMING.—

(A) EXISTING PROJECTS AND ACTIVITIES.—For each project and activity in effect on the date of the enactment of this Act, the database shall be operative within 6 months of such date of enactment.

(B) NEW PROJECTS AND ACTIVITIES.—For each project and activity that has not received United States Government funding as of the date of the enactment of this Act, the department or agency (as the case may be) shall enter into the database the information required by paragraph (1) within 90 days from the date of the initial obligation of funds for the project or activity.

(4) MODIFICATIONS.—In the event of any changes or modifications in any of the elements of the database for a project or activity, the database shall be updated as soon as possible but in no event later than 30 days from the date on which such changes or modifications have been approved and, where applicable, agreed to by the partner country.

(5) REPORTS IN LIEU OF INCLUSION.—If the Secretary, the Administrator, or the Chief Executive Officer of the Millennium Challenge Corporation, as the case may be, makes a determination that the inclusion of a required item of information in the database could reasonably be expected to jeopardize the health or safety of a private partner or program beneficiary or would be detrimental to the national interests of the United States, such item of information may be submitted to the appropriate congressional committees in a non-public written report in lieu of including it in the database, along the reasons for not including it in the database.

(6) STRUCTURE.—The database required under this section shall be structured so that—

(A) data may be uploaded from overseas missions; and

(B) users may search the data by word and sort the data by field.

(c) HARMONIZATION OF DATA.—The information contained in the database required under subsection (b) shall include all information provided to the Development Assistance Committee of the Organization for Economic Cooperation and Development and the International Aid Transparency Initiative, and should, to the maximum ex-

tent possible, be harmonized with the types, categories and formats of information requested by such organization and such initiative.

(d) DEFINITION.—In this section, the terms ''project'' and ''activity'' mean a discrete assistance activity for which funds are made available, including activities encompassed within a strategy, compact, agreement, account or program of assistance.

SEC. 9302. CONGRESSIONAL BUDGET JUSTIFICATION.

(a) REQUIREMENT FOR SUBMISSION.—The President shall prepare, and submit to the Congress not later than February 1 of each year, a report justifying the resources requested for all foreign assistance programs.

(b) MATERIALS TO BE INCLUDED.—The report submitted pursuant to subsection (a) shall include—

(1) a description of each planned country, regional, or centrally funded program for the coming fiscal year, and the rationale for each such program;

(2) the dollar amount of each program—

(A) as proposed for the coming fiscal year;

(B) as estimated for the current fiscal year; and

(C) as allocated for the previous fiscal year; and

(3) wherever possible, a description of the results achieved for each such program in the previous 1 to 5 fiscal years.

SEC. 9303. REPORT ON ALLOCATION OF ASSISTANCE UNDER THIS ACT.

(a) REPORT ON ALLOCATIONS OF ASSISTANCE.—Not later than 30 days after the date of the enactment of any law appropriating funds to carry out any provision of this Act, the President shall notify Congress of—

(1) each foreign country, international organization, regional program, and centrally funded program for which the United States Government intends to provide any portion of the funds under such law; and

(2) the amount of funds under such law, by category of assistance, that the United States Government intends to provide to each such country, organization, and program.

(b) EXCEPTION.—Subsection (a) does not apply with respect to any law making continuing appropriations.

(c) USE OF SPECIAL AUTHORITY.—The authority of section 10603 may not be used to waive the provisions of this section.

SEC. 9304. SECURITY ASSISTANCE DATABASE.

(a) DATABASE REQUIRED.—The Secretary shall maintain an online database which contains the information described in subsection (b). Such database may be combined with the database required under section 9301.

(b) CONTENT.—The database required under subsection (a) shall include—

(1) the type, dollar value, and quantity of defense articles (including excess defense articles), defense services, and international military education and training furnished by the United States to each foreign country and international organization;

(2) the provision of law under which such article, service, and education or training was furnished;

(3) the dollar value, quantity, and end user of semiautomatic assault weapons, or spare parts for such weapons, the manufacture, transfer, or possession of which is unlawful under section 922 of title 18, United States Code, receiving a license for export; and

(4) for military education and training provided to foreign military personnel, the type of training, the number of foreign military personnel trained, their units of operation, and the location of the training.

(c) MILITARY EDUCATION AND TRAINING.—

(1) RECORDKEEPING.—With respect to military education and training provided under subsection (b)(4), the Secretary of Defense shall develop and maintain records, which shall not be subject to the requirements for public availability in subsection (e), for each foreign military and defense participant in military education and training activities conducted under this or any other Act. Such database shall be made available to the Secretary of State and shall include the type of instruction received, the dates and location of such instruction, whether such instruction was completed successfully, and, to the extent practicable, the person's subsequent military or defense ministry career and current position and location.

(2) REPORT ON VIOLATIONS.—Not later than March 1 of each year, the Secretary of State shall submit to the appropriate congressional committees a report describing any involvement of a foreign military or defense participant in military education and training activities under this or any other Act in a violation of internationally recognized human rights subsequent to such participation. Such report shall be in unclassified form, but may include a classified annex.

(3) ADDITION TO DATABASE.—The Secretary of Defense shall ensure that the database required under subsection (a) is updated to include the information reported to Congress pursuant to paragraph (2)

(d) TIMING.—The Secretary shall ensure that the database required under this section is operative not later than 180 days after the date of the enactment of this Act, and shall prescribe such procedures as are necessary to ensure that the required information is entered into the database in a timely manner and continuously updated.

(e) PUBLIC AVAILABILITY.—The database required under this section shall be made publicly available on the Internet and shall be structured so that users may search the data by word and sort the data by field.

(f) FORM.—The database described in subsection (a) shall be in unclassified form and shall exclude any activity that is reportable under title V of the National Security Act of 1947.

SEC. 9305. CLASSIFICATION OF REPORTS.

(a) IN GENERAL.—Unless otherwise specifically provided by law, all information contained in any report required to be provided to Congress under this Act shall be in unclassified form and shall be made available to the public.

(b) EXCEPTION.—If the President determines that publication of a specific item of information in any such report would be detrimental to the security of the United States, such item of information may be provided to Congress in a supplemental report in classified form along with an explanation of why publication of such specific item would be detrimental to the security of the United States.

Subtitle D—Congressional Notification Procedures

SEC. 9401. NOTIFICATION OF PROGRAM CHANGES.

(a) NOTIFICATION OF PROGRAM CHANGES.—Unless the appropriate congressional committees are notified at least 15 days in advance, funds appropriated for a fiscal year to carry out this Act may not be obligated for any assistance or contributions under this Act—

(1) for a Country Development Cooperation Strategy, or any significant revision thereof, which has not been transmitted to the appropriate congressional committees in accordance with section 1018;

(2) for a country, international organization, regional program, or centrally funded program for which assistance was not included in a Country Development Cooperation Strategy, or was not justified

in congressional budget justification documents for that fiscal year;

(3) more than 10 percent in excess of the amount allocated pursuant to section 9303 for that country, international organization, regional program, or centrally funded program for that fiscal year;

(4) for a strategy or objective not justified to Congress for that country, international organization, regional program, or centrally funded program;

(5) for a nonproject assistance activity; or

(6) in the case of assistance administered through the Department of Defense under this Act, for the provision of major defense equipment (other than conventional ammunition) or aircraft, ships, missiles, or combat vehicles not previously justified to Congress, or more than ten percent in excess of the quantities justified to Congress.

(b) APPROPRIATIONS SUBJECT TO REQUIREMENTS.—Subsection (a) applies with respect to all funds appropriated for assistance and contributions under this Act other than—

(1) subtitles A and B of title VII (relating to the Overseas Private Investment Corporation and the Trade and Development Agency, respectively);

(2) section 1131 (relating to the development credit authority);

(3) section 2025 (relating to transition initiatives);

(4) section 2022 (relating to complex crisis, stabilization, and prevention fund); and

(5) humanitarian assistance.

(c) WAIVER.—The requirements of subsection (a) may be waived if the President—

(1) determines that doing so is necessitated by emergency circumstances;

(2) notifies the appropriate congressional committees as early as practicable, but in no event later than three days after taking the action to which such notification requirement was applicable; and

(3) includes in such notification an explanation of the circumstances necessitating the use of the authority of this subsection.

SEC. 9402. CONGRESSIONAL NOTIFICATION PARITY.

The President shall ensure that the Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate are notified to the same degree and with the same conditions as the Committees on Appropriations are notified by the executive branch regarding any matter relating to foreign as-

sistance. The requirements of this section are in addition to, and not in lieu of, other congressional notification requirements.

SEC. 9403. PRESIDENTIAL FINDINGS AND DETERMINATIONS.

(a) WRITTEN DETERMINATIONS.—In any case in which the President is required to make a report to the Congress, or to any committee or officer of either House of Congress, concerning any finding or determination under any provision of this Act or related appropriations Act, such finding or determination shall be reduced to writing and signed by the President.

(b) EFFECTIVE DATE.—No action shall be taken pursuant to any such finding or determination prior to the date on which that finding or determination has been reduced to writing and signed by the President.

(c) PUBLICATION.—Each such finding or determination shall be published on the Internet and in the Federal Register as soon as practicable after it has been reduced to writing and signed by the President. In any case in which the President concludes that such publication would be harmful to the national security of the United States, only a statement that a determination or finding has been made by the President, including the name and section of the Act under which it was made, shall be published.

TITLE X—POLICY RESTRICTIONS AND SPECIAL AUTHORITIES

Subtitle A—Policy Restrictions

SEC. 10001. DEFINITIONS.

In this title:

(1) FOREIGN TERRORIST ORGANIZATION.—The term ''foreign terrorist organization'' means an organization designated as a foreign terrorist organization by the Secretary of State in accordance with section 219(a) of the Immigration and Nationality Act (8 U.S.C. 1189(a)).

(2) GOVERNMENT.—

(A) IN GENERAL.—The term ''government'', when used with respect to a foreign country—

(i) means the national government of the foreign country; and

(ii) includes—

(I) the government of any political subdivision of the foreign country; and

(II) any agency or instrumentality of the national government or government of any political subdivision of the foreign country.

(B) AGENCY OR INSTRUMENTALITY DEFINED.—For purposes of subparagraph (A), the term ''agency or instrumentality of the national government or government of any political subdivision of the country'' means an agency or instrumentality of a foreign state as defined in section 1603(b) of title 28, United States Code, with each reference in such section to ''a foreign state'' deemed to be a reference to ''the foreign country''.

(3) PROVIDE.—The term ''provide'' includes—

(A) the obligation and expenditure of funds; and

(B) the sale, lease, grant, transfer, stockpiling and delivery of foreign assistance.

(4) STATE SPONSOR OF DRUG TRAFFICKING.—The term ''state sponsor of drug trafficking'' means a foreign government that is the subject of a determination under section 10302(a) which has not been waived or rescinded.

(5) STATE SPONSOR OF TERRORISM.—The term ''state sponsor of terrorism'' means a foreign government that is the subject of a determination under section 10401(a) which has not been waived or rescinded.

(6) INTERNATIONAL TERRORISM.—The term "international terrorism" has the meaning given the term in section 2331 of title 18, United States Code.

CHAPTER 1—HUMAN RIGHTS

SEC. 10101. PROHIBITION ON ASSISTANCE TO GOVERNMENTS THAT ENGAGE IN VIOLATIONS OF HUMAN RIGHTS.

(a) IN GENERAL.—No foreign assistance may be provided, and no licenses may be issued under the Export Administration Act of 1979 (as continued in effect under the International Emergency Economic Powers Act) for the export of crime control and detection instruments and equipment, to a foreign government which the Secretary determines engages in a consistent pattern of gross violations of internationally recognized human rights, including—

(1) mass atrocities;

(2) torture or cruel, inhuman, or degrading treatment or punishment;

(3) prolonged detention without charges and trial;

(4) causing the disappearance of persons by the abduction and clandestine detention of those persons; or

(5) other flagrant denial of the right to life, liberty, and the security of person.

(b) EXPIRATION OF DETERMINATIONS.—A determination of the Secretary under subsection (a) shall remain in effect until rescinded.

(c) RESCISSION OF DETERMINATIONS.—A determination of the Secretary under subsection (a) with respect to a foreign government may not be rescinded unless the President submits to the appropriate congressional committees a report certifying that the government has substantially improved its human rights record and no longer engages in any of the actions described in subsection (a).

(d) PUBLICATION.—A determination made under subsection (a) or a report submitted under subsection (c) shall be published in the Federal Register and made available on the Internet website of the Department of State.

(e) LIST.—The Secretary shall include in the annual report required by section 9302 (relating to congressional budget justification) a list of foreign governments for which determinations under subsection (a) are currently in effect and the date on which each such determination became effective.

(f) CONSIDERATIONS.—In determining whether or not a foreign government meets the criteria described in subsection (a), the Secretary shall consider—

(1) the extent of cooperation of the government in permitting an unimpeded investigation of alleged violations of internationally recognized human rights by appropriate international organizations, including the International Committee of the Red Cross, or groups or persons acting under the authority of such organizations;

(2) specific actions which have been taken by the President or Congress because of the human rights practices or policies of the government; and

(3) whether the government has engaged in or tolerated particularly severe violations of religious freedom (as such term is defined in section 3 of the International Religious Freedom Act of 1998).

(g) WAIVER.—Assistance prohibited by subsection (a) may be provided, and licenses may be issued, to a foreign government described in that subsection if, at least 15 days before providing such assistance, the President submits to the relevant congressional committees—

(1) a certification that—

(A) extraordinary circumstances exist warranting the provision of such assistance or the issuance of such license; and

(B) the interests of providing such assistance or issuing such license outweigh the interests of protecting internationally recognized human rights; and

(2) a report describing—

(A) the types and amounts of assistance to be provided or licenses to be issued pursuant to the waiver;

(B) the justification for such waiver; and

(C) the time period for which such waiver will be effective.

(h) DEFINITIONS.—In this section—

(1) the term ''genocide'' means an offense as described in section 1091 of title 18, United States Code; and

(2) the term ''relevant congressional committees'' means—

(A) the appropriate congressional committees; and

(B) in the case of licenses to be issued under the Export Administration Act of 1979 (as continued in effect under the International

Emergency Economic Powers Act) for the export of crime control and detection instruments and equipment, the Committee on Banking, Housing, and Urban Affairs of the Senate.

SEC. 10102. PROHIBITION ON ASSISTANCE TO CERTAIN HUMAN RIGHTS VIOLATORS.

(a) IN GENERAL.—No foreign assistance may be provided to—

(1) any unit of the security forces of a foreign government,

(2) any agency or instrumentality of a foreign government, or

(3) a private partner,

if the Secretary has credible information that such unit, agency or instrumentality, or private partner, as the case may be, has committed a gross violation of internationally recognized human rights.

(b) EXCEPTION.—The prohibition in subsection (a) shall not apply if the Secretary determines and reports to the appropriate congressional committees that effective steps and corrective measures are being taken to bring the responsible members of such unit, agency or instrumentality, or private partner, as the case may be, to justice.

(c) DUTY TO INFORM.—

(1) IN GENERAL.—In the event that funds are withheld from any unit pursuant to this section, the Secretary shall promptly inform the foreign government of the basis for such action and shall, to the maximum extent practicable, assist the government in taking effective measures to bring the responsible members of such unit to justice.

(2) PUBLICATION.—The Secretary shall make publicly available on the Internet website of the Department of State the identity of each unit for which there is credible information that such unit has committed a gross violation of internationally recognized human rights.

(3) EXCEPTION.—The requirements of paragraphs (1) and (2) shall not apply if the Secretary determines such application would compromise United States sources and methods or would jeopardize the health, safety, or human rights of a witness or informant.

(d) CREDIBLE INFORMATION.—The Secretary shall establish, and periodically update, procedures to—

(1) maintain a current list of each foreign country with respect to which the United States provides training, equipment, or other types of assistance to

any unit of the security forces of the government of such country;

(2) facilitate receipt by the Department of State and United States embassies of information from individuals and organizations outside the United States Government about gross violations of internationally recognized human rights by any entity described in paragraph (1), (2), or (3) of subsection (a);

(3) routinely request and obtain such information from the Department of Defense, the Central Intelligence Agency, and other United States Government sources departments and agencies;

(4) synchronize information obtained from all sources;

(5) ensure that such information is evaluated and preserved;

(6) ensure that when vetting an individual for eligibility to receive United States training the individual's unit is also vetted; and

(7) seek to identify the unit involved when credible information of a gross violation of internationally recognized human rights exists but the identity of the unit is lacking.

(e) INVESTIGATIONS.—

(1) IN GENERAL.—The Secretary is authorized to use funds made available under title III or title IV for purposes of gathering, receiving, preserving, investigating, and evaluating evidence of gross violations of internationally recognized human rights by any entity described in paragraph (1), (2), or (3) of subsection (a).

(2) SUPPLEMENT NOT SUPPLANT.—Funds made available under paragraph (1) are in addition to amounts otherwise made available for the purposes described in paragraph (1).

(f) DEFINITIONS.—In this section—

(1) the term ''agency or instrumentality of a foreign government'' means an agency or instrumentality of a foreign state as defined in section 1603(b) of title 28, United States Code; and

(2) the term ''unit'' means the smallest unit operating in the field.

SEC. 10103. PROHIBITION ON ASSISTANCE TO GOVERNMENTS FOLLOWING COUPS D'ÉTAT.

(a) IN GENERAL.—No foreign assistance may be provided to a foreign government whose duly elected leader the Secretary determines has been deposed by violence or threat of violence.

(b) EXCEPTIONS.—The prohibition in subsection (a) shall not apply with respect to a foreign government if the Secretary determines and reports to the appropriate congressional committees that—

(1) the purpose and effect of the deposition was to restore democratic governance; or

(2) subsequent to the deposition, a democratically elected government has taken office.

(c) PUBLICATION.—A determination made under subsection (a) shall be published in the Federal Register and made available on the Internet website of the Department of State.

(d) WAIVER.—Assistance prohibited by subsection (a) may be provided to a foreign government described in that subsection if, at least 15 days before providing assistance, the Secretary submits to the appropriate congressional committees—

(1) a certification that providing assistance is important to the national security interest of the United States; and

(2) a report describing—

(A) the types and amounts of assistance to be provided pursuant to the waiver;

(B) the justification for the waiver; and

(C) the time period for which the waiver will be effective.

SEC. 10104. PROHIBITION ON ASSISTANCE TO GOVERNMENTS THAT PROHIBIT OR IMPEDE DELIVERY OF HUMANITARIAN ASSISTANCE.

(a) IN GENERAL.—No foreign assistance may be provided to a foreign government which the Secretary determines prohibits or impedes the delivery of humanitarian assistance.

(b) PUBLICATION.—A determination made under subsection (a) shall be published in the Federal Register and made available on the Internet website of the Department of State.

(c) WAIVER.—Assistance prohibited by subsection (a) may be provided to a foreign government described in that subsection if, at least 15 days before providing assistance, the Secretary certifies and reports to the appropriate congressional committees that to do so is in the national security interest of the United States.

SEC. 10105. PROHIBITION ON USE OF FUNDS TO SUPPORT OR JUSTIFY TORTURE.

(a) IN GENERAL.—No funds made available to carry out this Act may be made available to support or justify the use of torture or cruel, inhuman, or degrading treat-

ment or punishment by any official or contract employee of the United States Government.

(b) REPORTING OF ABUSES.—The Secretary shall submit to the appropriate congressional committees a report of any credible information that an official or contract employee of the United States Government has engaged in a violation of subsection (a).

SEC. 10106. PROHIBITION ON ASSISTANCE TO GOVERNMENTS ENGAGED IN INTIMIDATION AND HARASSMENT AGAINST INDIVIDUALS IN THE UNITED STATES.

(a) IN GENERAL.—No foreign assistance may be provided to a foreign government which the Secretary determines is engaged in a consistent pattern of acts of intimidation or harassment directed against individuals in the United States.

(b) PUBLICATION.—A determination made under subsection (a) shall be published in the Federal Register and made available on the Internet website of the Department of State.

(c) DETERMINATIONS.—The Secretary shall report a determination under section (a) to the appropriate congressional committees.

CHAPTER 2—NON-PROLIFERATION

SEC. 10201. PROHIBITION ON ASSISTANCE TO GOVERNMENTS THAT TRANSFER NUCLEAR ENRICHMENT EQUIPMENT, MATERIALS, OR TECHNOLOGY.

(a) IN GENERAL.—No foreign assistance may be provided to a foreign government which the Secretary determines has delivered or received nuclear enrichment equipment, materials, or technology to or from any other country on or after August 4, 1977.

(b) EXCEPTION.—The prohibition in subsection (a) shall not apply with respect to a foreign government if—

(1) the receiving country had not been designated as a state sponsor of terrorism before delivery of such equipment, materials, or technology;

(2) the supplying and receiving countries have reached agreement to place all such equipment, materials, or technology, upon delivery, under multilateral auspices and management when available;

(3) the transfers of all such equipment, materials, or technology occur in compliance with the Guidelines of the Nuclear Suppliers Group; and

(4) the receiving country has entered into an agreement with the International Atomic Energy Agency (IAEA) to place all such equipment, mate-

rials, technology, and all nuclear fuel and facilities in the country under the safeguards system of the IAEA, and is complying with such agreement.

(c) EXPIRATION OF DETERMINATIONS.—A determination of the Secretary under subsection (a) shall remain in effect until rescinded.

(d) RESCISSION OF DETERMINATIONS.—A determination of the Secretary under subsection (a) with respect to a foreign government may not be rescinded unless the President submits to the appropriate congressional committees a report certifying that—

(1) there has been a fundamental change in the leadership and policies of the government; or

(2) the government has entered into an agreement with the IAEA to place all such equipment, materials, technology, and all nuclear fuel and facilities in such country under the safeguards system of the IAEA, and is complying with such agreement.

(e) PUBLICATION.—A determination made under subsection (a) or a report submitted under subsection (d) shall be published in the Federal Register and made available on the Internet website of the Department of State.

(f) LIST.—The Secretary shall include in the annual report required by section 9302 (relating to congressional

budget justification) a list of governments for which determinations under subsection (a) are currently in effect.

(g) WAIVER.—Assistance prohibited by subsection (a) may be provided to a foreign government described in that subsection if, at least 15 days before providing such assistance, the President certifies and reports to the appropriate congressional committees that—

(1) the termination of such assistance would have a serious adverse effect on vital United States interests; and

(2) the President has received reliable assurances that the government—

(A) if a government of a non-nuclear weapon state—

(i) will not acquire or develop nuclear weapons or assist other countries in doing so; and

(ii) will ensure that all past and future transfers of such equipment, materials, or technology shall be placed under an appropriate safeguards system by the IAEA; and

(B) has taken or will take effective measures to ensure any future transfers of such equipment, materials, or technology are made in

accordance with the Guidelines of the Nuclear Suppliers Group.

(h) RESOLUTION OF DISAPPROVAL.—

(1) IN GENERAL.—A rescission under subsection (d) or waiver under subsection (g) of a determination under subsection (a) shall cease to be effective if Congress enacts a joint resolution disapproving the proposed rescission or waiver.

(2) JOINT RESOLUTION DESCRIBED.—For the purposes of paragraph (1), the term ''joint resolution'' means only a joint resolution introduced not later than 30 days after the date of receipt of a report under subsection (d) or (g), as the case may be, the matter after the resolving clause of which is as follows: ''That the proposed _____ submitted to Congress on _____ under section 10201 of the Global Partnerships Act of 2012 is hereby prohibited.'', with the first blank space being filled with ''rescission'' or ''waiver'', as appropriate, and the second blank space being filled with the appropriate date.

(3) CONGRESSIONAL PROCEDURES.—A joint resolution described in paragraph (2) and introduced within the appropriate 30-day period shall be considered in the Senate and the House of Representatives

in accordance with paragraphs (3) through (7) of section 8066(c) of the Department of Defense Appropriations Act, 1985 (as contained in Public Law 98–473), except that references in such paragraphs to the Committees on Appropriations of the House of Representatives and the Senate shall be deemed to be references to the Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate, respectively.

SEC. 10202. PROHIBITION ON ASSISTANCE TO GOVERNMENTS THAT TRANSFER NUCLEAR REPROCESSING EQUIPMENT, MATERIALS, OR TECHNOLOGY OR NUCLEAR EXPLOSIVE DEVICES.

(a) PROHIBITION.—

(1) IN GENERAL.—No foreign assistance may be provided, and no loans or credit by a United States bank or financial institution extended, no goods subject to licensing by the United States for national security or foreign policy reasons exported, and no support by the United States given for any loan or financial or technical assistance by an international financial institution, to a government which the President determines—

(A) transfers to a non-nuclear-weapon state a nuclear explosive device, or any design information or component which is determined by the President to be important to, and known by the transferring government to be intended by the recipient state for use in, the development or manufacture of any nuclear explosive device;

(B) is a non-nuclear-weapon state and—

(i) receives a nuclear explosive device;

(ii) detonates a nuclear explosive device;

(iii) seeks and receives any design information or component which is determined by the President to be important to, and intended by the recipient state for use in, the development or manufacture of any nuclear explosive device; or

(iv) on or after August 8, 1985, exports illegally (or attempts to export illegally) from the United States any material, equipment, or technology which would contribute significantly to the ability of such country to manufacture a nuclear explosive device, if the President determines that the

material, equipment, or technology was to be used by such country in the manufacture of a nuclear explosive device, or

(C) delivers nuclear reprocessing equipment, materials, or technology to any other country or receives such equipment, materials, or technology from any other country, on or after August 4, 1977.

(2) RULE OF CONSTRUCTION.—For purposes of paragraph (1)(B)(4), an export (or attempted export) by a person who is an agent of, or is otherwise acting on behalf of or in the interests of, a country shall be considered to be an export (or attempted export) by that country.

(b) EXCEPTION.—The prohibitions under subsection (a) shall not apply—

(1) to any transaction subject to the reporting requirements of title V of the National Security Act of 1947 (relating to congressional oversight of intelligence activities);

(2) to medicines, medical equipment, and humanitarian assistance; or

(3) to any credit, credit guarantee, or financial assistance provided by the Department of Agri-

culture to support the purchase of food or other agricultural commodity.

(c) WAIVER.—

(1) IN GENERAL.—Assistance prohibited by subsection (a) may be provided to a government described in that subsection if the President determines and certifies to the appropriate congressional committees that the termination of such assistance would be seriously prejudicial to the achievement of United States nonproliferation objectives or otherwise jeopardize the common defense and security.

(2) SPECIAL AUTHORITY.—Assistance prohibited by subsection (a)(1)(B)(ii) may be provided to a foreign government described in that subsection if the President determines and certifies to the appropriate congressional committees that the government has taken a significant compensatory nonproliferation action, such as the declaration of an unlimited moratorium on further nuclear detonations, the signature and entry-into-force of a legally binding international instrument prohibiting the production of additional fissile nuclear material, or similar action.

(3) EFFECTIVE DATE.—A certification under paragraph (1) or (2) shall not take effect until 30

days of continuous session of Congress have elapsed after its submission. For purposes of this paragraph, continuity of session of Congress is broken only by an adjournment of Congress sine die and the days on which either House is not in session because of an adjournment of more than 3 days to a day certain are excluded in the computation of any period of time in which Congress is in continuous session.

(4) NON-DELEGATION OR TRANSFER.—The President may not delegate or transfer the President's power, authority, or discretion to make or modify determinations under this subsection.

(d) RESOLUTION OF DISAPPROVAL.—

(1) IN GENERAL.—A waiver under subsection (c) of a determination under subsection (a) shall cease to be effective if Congress enacts a joint resolution disapproving the proposed waiver.

(2) JOINT RESOLUTION DESCRIBED.—For the purposes of paragraph (1), the term ''joint resolution'' means only a joint resolution introduced not later than 30 days of continuous session of Congress (as described in subsection (c)(3)) after receipt of a certification under subsection (c), the matter after the resolving clause of which is as follows: ''That the

proposed waiver under section 10202(c) of the Global Partnerships Act of 2012 is hereby prohibited.''.

(3) CONGRESSIONAL PROCEDURES.—A joint resolution described in paragraph (2) and introduced within the appropriate period shall be considered in the Senate and the House of Representatives in accordance with paragraphs (3) through (7) of section 8066(c) of the Department of Defense Appropriations Act, 1985 (as contained in Public Law 98–473), except that references in such paragraphs to the Committees on Appropriations of the House of Representatives and the Senate shall be deemed to be references to the Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate, respectively.

(e) DEFINITIONS.—In this section—

(1) the term ''non-nuclear-weapon state'' has the meaning given the term in section 830(5) of the Nuclear Proliferation Prevention Act of 1994 (22 U.S.C. 6305(5)); and

(2) the term ''nuclear explosive device'' has the meaning given that term in section 830(4) of the Nuclear Proliferation Prevention Act of 1994 (22 U.S.C. 6305(4)).

SEC. 10203. SECURITY ASSISTANCE TO PAKISTAN.

(a) IN GENERAL.—Security assistance may be provided to Pakistan after the Secretary makes a certification in accordance with subsection (b).

(b) CERTIFICATION.—Not less than 15 days before providing security assistance for Pakistan in a fiscal year, the Secretary shall transmit a certification to the appropriate congressional committees that—

(1) the Government of Pakistan is continuing to safeguard its nuclear weapons-related facilities, material, and technology from theft and terrorist attack; and

(2) the Government of Pakistan during the preceding fiscal year has demonstrated a sustained commitment to and is making significant efforts towards combating terrorist groups, taking into account the extent to which the Government of Pakistan has made progress on matters such as—

(A) ceasing support, including by any elements within the Pakistan military or its intelligence agency, to extremist and terrorist groups, particularly to any group that has conducted attacks against United States or coalition forces in Afghanistan, or against the territory or people of neighboring countries;

(B) preventing al Qaeda, the Taliban and associated terrorist groups, such as Lashkar-e-Taiba, the Haqqani Network and Jaish-e-Mohammed, from operating in the territory of Pakistan, including by stopping cross-border attacks into neighboring countries, closing terrorist camps in the Federally Administered Tribal Areas, dismantling terrorist bases of operations in other parts of the country, including Quetta and Muridke, and taking action when provided with intelligence about high-level terrorist targets; and

(C) strengthening counterterrorism and anti-money laundering laws.

(c) WAIVER.—

(1) IN GENERAL.—The Secretary may waive the requirement contained in subsection (a) for a fiscal year if the Secretary determines that is important to the national security interests of the United States to do so.

(2) PRIOR NOTICE OF WAIVER.—The authority of paragraph (1) may not be exercised until 7 days after the Secretary provides to the appropriate congressional committees a written notice of the intent to issue a waiver and the reasons therefor. The no-

tice may be submitted in classified or unclassified form, as necessary.

(d) EFFECTIVE DATE.—The provisions of this section shall take effect on the date on which section 203 of the Enhanced Partnership with Pakistan Act of 2009 (Public Law 111–73) ceases to be effective.

CHAPTER 3—NARCOTICS

SEC. 10301. PROHIBITION ON ASSISTANCE TO DRUG TRAFFICKERS.

(a) IN GENERAL.—The Secretary shall take all reasonable steps to ensure that foreign assistance is not provided to or through any individual or entity that the Secretary knows or has reason to believe—

(1) has been convicted of a violation of, or a conspiracy to violate, any law or regulation of the United States or a foreign country relating to narcotic or psychotropic drugs or other controlled substances; or

(2) is or has been an illicit trafficker in any such controlled substance or is or has been a knowing assistor, abettor, conspirator, or colluder with others in the illicit trafficking in any such substance.

(b) REGULATIONS.—The Secretary shall issue regulations to carry out this section.

(c) CONGRESSIONAL NOTIFICATION.—Regulations issued pursuant to subsection (b) shall be submitted to the appropriate congressional committees before they take effect.

(d) UNITED STATES DEFINED.—In this section, the term ''United States'' includes each State of the several States, the District of Columbia, the Commonwealth of Puerto Rico, American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, the Virgin Islands of the United States, and any other territory or possession of the United States.

SEC. 10302. PROHIBITION ON ASSISTANCE TO STATE SPONSORS OF DRUG TRAFFICKING.

(a) IN GENERAL.—No foreign assistance may be provided to a foreign government which the Secretary determines has expressly consented to, or with knowledge, allowed, tolerated, or disregarded the recurring use of any part of the land, waters, or airspace of the country for the transit, production, or financing of illicit narcotics.

(b) EXPIRATION OF DETERMINATIONS.—A determination of the Secretary under subsection (a) shall remain in effect until rescinded.

(c) RESCISSION OF DETERMINATIONS.—A determination of the Secretary under subsection (a) with respect to a government may not be rescinded unless the

President submits to the appropriate congressional committees a report certifying that such government no longer expressly consents to, or with knowledge, allows, tolerates, or disregards the recurring use of any part of the land, waters, or airspace of the country for the transit, production, or financing of illicit narcotics.

(d) PUBLICATION.—A determination made under subsection (a) and a report submitted under subsection (c) shall be published in the Federal Register and made available on the Internet website of the Department of State.

(e) LIST.—The Secretary shall include in the annual report required by section 9302 (relating to congressional budget justification) a list of governments for which determinations under subsection (a) are currently in effect and the date on which each determination became effective.

(f) WAIVER.—Assistance prohibited by subsection (a) may be provided to a government described in that subsection if, at least 15 days before providing assistance, the President submits to the appropriate congressional committees—

(1) a certification that national security interests or humanitarian reasons justify such a waiver; and

(2) a report describing—

(A) the type and amount of assistance to be provided pursuant to the waiver;

(B) the justification for such waiver; and

(C) the time period for which such waiver will be effective.

SEC. 10303. PROHIBITION ON REIMBURSEMENTS FOR DRUG CROP ERADICATIONS.

No foreign assistance may be made available to reimburse persons in foreign countries for the eradication of their illicit drug crops.

CHAPTER 4—TERRORISM

Subchapter A—General Provisions

SEC. 10401. PROHIBITION ON ASSISTANCE TO STATE SPONSORS OF TERRORISM.

(a) IN GENERAL.—No foreign assistance may be provided to a foreign government which the Secretary determines—

(1) has repeatedly provided support for acts of international terrorism; or

(2) is controlled by an organization designated as a terrorist organization under section 219 of the Immigration and Nationality Act.

(b) EXPIRATION OF DETERMINATIONS.—A determination of the Secretary under subsection (a) shall remain in effect until rescinded.

(c) RESCISSION OF DETERMINATIONS.—A determination of the Secretary under subsection (a) with respect to a government may not be rescinded unless the President submits to the appropriate congressional committees—

(1) before the proposed rescission would take effect, a report certifying that—

(A) there has been a fundamental change in the leadership and policies of the government;

(B) the government is not supporting acts of international terrorism; and

(C) the government has provided assurances that it will not support acts of international terrorism in the future; or

(2) at least 45 days before the proposed rescission would take effect, a report justifying the rescission and certifying that—

(A) the government has not provided any support for international terrorism during the preceding 6-month period; and

(B) the government has provided assurances that it will not support acts of international terrorism in the future.

(d) PUBLICATION.—A determination made under subsection (a) or a report submitted under subsection (c) shall be published in the Federal Register and made available on the Internet website of the Department of State.

(e) LIST.—The Secretary shall include in the annual report required by section 9302 (relating to congressional budget justification) a list of governments for which determinations under subsection (a) are currently in effect.

(f) WAIVER.—Assistance prohibited by subsection (a) may be provided to a foreign government described in that subsection if, at least 15 days before providing assistance, the President submits to the appropriate congressional committees—

(1) a certification that national security interests or humanitarian reasons justify a such a waiver; and

(2) a report describing—

(A) the type and amount of assistance to be provided pursuant to the waiver;

(B) the justification for such waiver; and

(C) the time period for which such waiver will be effective.

(g) RESOLUTION OF DISAPPROVAL.—

(1) IN GENERAL.—A rescission under subsection (c)(2) or a waiver under subsection (f) of a

determination under subsection (a) shall cease to be effective if Congress enacts a joint resolution disapproving the proposed rescission or waiver.

(2) JOINT RESOLUTION DESCRIBED.—For the purposes of paragraph (1), the term ''joint resolution'' means only a joint resolution introduced not later than 45 days after the date of receipt of a report under subsection (c)(2) or not later than 15 days after receipt of a certification under subsection (f), as the case may be, the matter after the resolving clause of which is as follows: ''That the proposed _____ submitted to Congress on _____ under section 10401 of the Global Partnerships Act of 2012 is hereby prohibited.'', with the first blank space being filled with ''rescission'' or ''waiver'', as appropriate, and the second blank space being filled with the appropriate date.

(3) CONGRESSIONAL PROCEDURES.—A joint resolution described in paragraph (2) and introduced within the appropriate period shall be considered in the Senate and the House of Representatives in accordance with paragraphs (3) through (7) of section 8066(c) of the Department of Defense Appropriations Act, 1985 (as contained in Public Law 98–473), except that references in such paragraphs to

the Committees on Appropriations of the House of Representatives and the Senate shall be deemed to be references to the Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate, respectively.

(h) DEFINITION.—In this section, the term ''support for acts of international terrorism'' includes—

(1) expressly consenting to, or with knowledge, allowing, tolerating, or disregarding the recurring use of any part of the land, waters, or airspace of the country by a terrorist or terrorist organization—

(A) to carry out terrorist activities, including training, financing, and recruitment; or

(B) as a transit point;

(2) granting sanctuary from prosecution to any individual or group which has committed an act of international terrorism; or

(3) willfully aiding or abetting—

(A) the international proliferation of nuclear explosive devices to individuals or groups;

(B) the acquisition by individuals or groups of unsafeguarded special nuclear material; and

(C) the efforts of an individual or group to use, develop, produce, stockpile, or otherwise

acquire chemical, biological, or radiological weapons.

SEC. 10402. PROHIBITION ON ASSISTANCE TO FOREIGN GOVERNMENTS SUPPORTING STATE SPONSORS OF TERRORISM.

(a) IN GENERAL.—No foreign assistance may be provided to a foreign government which the Secretary determines provides assistance (other than humanitarian assistance) to, or transfers lethal military equipment to, a state sponsor of terrorism.

(b) APPLICABILITY.—The prohibition in subsection (a) shall apply only to assistance provided or transfers made after the date on which a government was designated as a state sponsor of terrorism.

(c) EXPIRATION OF DETERMINATIONS.—A determination of the Secretary under subsection (a) shall remain in effect until rescinded.

(d) RESCISSION OF DETERMINATIONS.—A determination of the Secretary under subsection (a) with respect to a government may not be rescinded unless the President submits to the appropriate congressional committees a report certifying that—

(1) the government has not provided assistance or transferred lethal military equipment to a state

sponsor of terrorism during the preceding 12-month period;

(2) there has been a fundamental change in the leadership and policies of the government; and

(3) the government has provided assurances that it will not provide assistance or transfer lethal military equipment to a state sponsor of terrorism in the future.

(e) PUBLICATION.—A determination made under subsection (a) and a report submitted under subsection (d) shall be published in the Federal Register and made available on the Internet website of the Department of State.

(f) LIST.—The Secretary shall include in the annual report required by section 9302 (relating to congressional budget justification) a list of governments for which determinations under subsection (a) are currently in effect.

(g) WAIVER.—Assistance prohibited by subsection (a) may be provided to a government described in that subsection if, at least 15 days before providing assistance, the President submits to the appropriate congressional committees—

(1) a certification that providing foreign assistance to the government is important to the national interests of the United States; and

(2) a report describing—

(A) the type and amount of assistance to be provided pursuant to the waiver;

(B) the justification for such waiver; and

(C) the time period for which such waiver will be effective.

SEC. 10403. PROHIBITION ON TRANSACTIONS WITH STATE SPONSORS OF TERRORISM.

(a) PROHIBITED TRANSACTIONS BY THE UNITED STATES GOVERNMENT.—The following transactions by the United States Government are prohibited:

(1) Exporting or otherwise providing (by sale, lease or loan, grant, or other means), directly or indirectly, any munitions item to a country described in subsection (d) under the authority of this Act or any other law (except as provided in subsection (g)). In implementing this paragraph, the President—

(A) shall suspend delivery to such country of any such item pursuant to any such transaction which has not been completed at the time the Secretary makes the determination described in section 10401(a) with respect to the government of the country; and

(B) shall terminate any lease or loan to such country of any such item which is in effect

at the time the Secretary makes that determination.

(2) Providing credits, guarantees, or other financial assistance under the authority of this Act or any other law (except as provided in subsection (g)), with respect to the acquisition of any munitions item by a country described in subsection (d). In implementing this paragraph, the President shall suspend expenditures pursuant to any such assistance obligated before the Secretary makes the determination described in section 10401(a) with respect to the government of the country. The President may authorize expenditures otherwise required to be suspended pursuant to the preceding sentence if the President has determined, and reported to Congress, that suspension of those expenditures causes undue financial hardship to a supplier, shipper, or similar person and allowing the expenditure will not result in any munitions item being made available for use by such country.

(3) Consenting under this Act, or under any other law (except as provided in subsection (g)), to any transfer of any munitions item to a country described in subsection (d). In implementing this paragraph, the President shall withdraw any such con-

sent, which is in effect at the time the Secretary makes the determination described in section 10401(a) with respect to the government of the country, except that this sentence does not apply with respect to any item that has already been transferred to such country.

(4) Providing any license or other approval under this Act for any export or other transfer (including by means of a technical assistance agreement, manufacturing licensing agreement, or co-production agreement) of any munitions item to a country described in subsection (d). In implementing this paragraph, the President shall suspend any such license or other approval which is in effect at the time the Secretary makes the determination described in section 10401(a) with respect to the government of the country, except that this sentence does not apply with respect to any item that has already been exported or otherwise transferred to such country.

(5) Otherwise facilitating the acquisition of any munitions item by a state sponsor of terrorism. This paragraph applies with respect to activities undertaken—

(A) by any department, agency, or other instrumentality of the United States Government;

(B) by any officer or employee of the United States Government (including members of the United States Armed Forces); or

(C) by any other person at the request or on behalf of the United States Government.

The President may waive the requirements of the second sentence of paragraph (1), the second sentence of paragraph (3), and the second sentence of paragraph (4) to the extent that the President determines, after consultation with Congress, that unusual and compelling circumstances require that the President not take the actions specified in that sentence.

(b) PROHIBITED TRANSACTIONS BY UNITED STATES PERSONS.—

(1) IN GENERAL.—A United States person may not take any of the following actions:

(A) Exporting any munitions item to any country described in subsection (d).

(B) Selling, leasing, loaning, granting, or otherwise providing any munitions item to any country described in subsection (d).

(C) Selling, leasing, loaning, granting, or otherwise providing any munitions item to any recipient which is not the government of or a person in a country described in subsection (d) if the United States person has reason to know that the munitions item will be made available to any country described in subsection (d).

(D) Taking any other action which would facilitate the acquisition, directly or indirectly, of any munitions item by a state sponsor of terrorism, or any person acting on behalf of that government, if the United States person has reason to know that action will facilitate the acquisition of that item by such a government or person.

(2) LIABILITY FOR ACTIONS OF FOREIGN SUBSIDIARIES, ETC.—A United States person violates this subsection if a corporation or other person that is controlled in fact by that United States person (as determined under regulations, which the President shall issue), takes an action described in paragraph (1) outside the United States.

(3) APPLICABILITY TO ACTIONS OUTSIDE THE UNITED STATES.—Paragraph (1) applies with respect to actions described in that paragraph which

are taken either within or outside the United States by a United States person described in subsection (k)(2)(A) or (B). To the extent provided in regulations issued under subsection (k)(2)(D), paragraph (1) applies with respect to actions described in that paragraph which are taken outside the United States by a person designated as a United States person in those regulations.

(c) TRANSFERS TO GOVERNMENTS AND PERSONS COVERED.—This section applies with respect to—

(1) the acquisition of munitions items by a state sponsor of terrorism; and

(2) the acquisition of munitions items by any individual, group, or other person within a country described in subsection (d), except to the extent that subparagraph (D) of subsection (b)(1) provides otherwise.

(d) COUNTRIES COVERED BY PROHIBITION.—The prohibitions contained in this section apply with respect to any country that is the subject of a determination under section 10401(a), which has not been waived or rescinded.

(e) PUBLICATION OF DETERMINATIONS.—Each determination of the Secretary under subsection (d) shall be published in the Federal Register and made available on the Internet website of the Department of State.

(f) WAIVER.—

(1) IN GENERAL.—The President may waive the prohibitions contained in this section with respect to a specific transaction if—

(A) the President determines that the transaction is essential to the national security interests of the United States; and

(B) not less than 15 days prior to the proposed transaction, the President—

(i) consults with the Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate; and

(ii) submits to the appropriate congressional committees a report containing—

(I) the name of any country involved in the proposed transaction, the identity of any recipient of the items to be provided pursuant to the proposed transaction, and the anticipated use of those items;

(II) a description of the munitions items involved in the proposed transaction (including their market

value) and the actual sale price at each step in the transaction (or if the items are transferred by other than sale, the manner in which they will be provided);

(III) the reasons why the proposed transaction is essential to the national security interests of the United States and the justification for such proposed transaction;

(IV) the date on which the proposed transaction is expected to occur; and

(V) the name of each United States Government department, agency, or other entity involved in the proposed transaction, every foreign government involved in the proposed transaction, and every private party with significant participation in the proposed transaction.

(2) FORM.—To the extent possible, the information specified in paragraph (1)(B)(ii) shall be provided in unclassified form, with any classified information provided in an addendum to the report.

(g) EXEMPTION FOR TRANSACTIONS SUBJECT TO NATIONAL SECURITY ACT REPORTING REQUIREMENTS.—The prohibitions contained in this section do not apply with respect to any transaction subject to reporting requirements under title V of the National Security Act of 1947 (50 U.S.C. 413 et seq.; relating to congressional oversight of intelligence activities).

(h) RELATION TO OTHER LAWS.—

(1) IN GENERAL.—With regard to munitions items controlled pursuant to this Act, the provisions of this section shall apply notwithstanding any other provisions of law, other than section 10603.

(2) WAIVER AUTHORITY.—If the authority of section 10603(a) is used to permit a transaction under this Act which is otherwise prohibited by this section, the written policy justification required by that section shall include the information specified in subsection (f)(2)(B) of this section.

(i) CRIMINAL PENALTY.—Any person who willfully violates this section shall be fined for each violation not more than $1,000,000, imprisoned not more than 10 years, or both.

(j) CIVIL PENALTIES; ENFORCEMENT.—In the enforcement of this section, the President is authorized to exercise the same powers concerning violations and en-

1 forcement which are conferred upon departments, agen-
2 cies, and officials by sections 11(c), 11(e), 11(g), and
3 12(a) of the Export Administration Act of 1979 (as con-
4 tinued in effect under the International Emergency Eco-
5 nomic Powers Act) (subject to the same terms and condi-
6 tions as are applicable to such powers under that Act),
7 except that section 11(c)(2)(B) of such Act shall not
8 apply, and instead, as prescribed in regulations issued
9 under this section, the Secretary of State may assess civil
10 penalties for violations of this Act and regulations pre-
11 scribed thereunder and further may commence a civil ac-
12 tion to recover such civil penalties, and except further
13 that, notwithstanding section 11(c) of that Act, the civil
14 penalty for each violation of this section may not exceed
15 $500,000.

16 (k) DEFINITIONS.—As used in this section—

17 (1) the term ''munitions item'' means any item
18 enumerated on the United States Munitions list
19 (without regard to whether the item is imported into
20 or exported from the United States);

21 (2) the term ''United States person'' means—

22 (A) any citizen or permanent resident alien
23 of the United States;

24 (B) any sole proprietorship, partnership,
25 company, association, or corporation having its

principal place of business within the United States or organized under the laws of the United States, any State, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, or any territory or possession of the United States;

(C) any other person with respect to that person's actions while in the United States; and

(D) to the extent provided in regulations issued by the Secretary, any person that is not described in subparagraph (A), (B), or (C) but—

(i) is a foreign subsidiary or affiliate of a United States person described in subparagraph (B) and is controlled in fact by that United States person (as determined in accordance with those regulations), or

(ii) is otherwise subject to the jurisdiction of the United States,

with respect to that person's actions while outside the United States;

(3) the term ''nuclear explosive device'' has the meaning given that term in section 830(4) of the

Nuclear Proliferation Prevention Act of 1994 (22 U.S.C. 6305(4)); and

(4) the term ''unsafeguarded special nuclear material'' has the meaning given that term in section 830(8) of the Nuclear Proliferation Prevention Act of 1994 (22 U.S.C. 6305 (8)).

SEC. 10404. TRANSACTIONS WITH COUNTRIES NOT FULLY COOPERATING WITH UNITED STATES COUNTERTERRORISM EFFORTS.

(a) PROHIBITED TRANSACTIONS.—No defense article or defense service may be sold or licensed for export under this Act in a fiscal year to a foreign country whose government the Secretary determines and certifies to Congress, by May 15 of the calendar year in which that fiscal year begins, is not cooperating fully with United States counterterrorism efforts.

(b) WAIVER.—The President may waive the prohibition in subsection (a) with respect to a specific transaction if the President determines and reports to the appropriate congressional committees that the transaction is important to the national interests of the United States.

SEC. 10405. WITHHOLDING OF UNITED STATES PROPORTIONATE SHARE FOR CERTAIN PROGRAMS OF INTERNATIONAL ORGANIZATIONS.

(a) IN GENERAL.—No contributions by the United States shall be made to any international organization for the United States proportionate share for programs in countries determined to be state sponsors of terrorism in accordance with section 10401(a).

(b) PROPORTIONATE SHARE.—The Secretary shall—

(1) review, at least annually, the budgets and accounts of all international organizations receiving funds under this Act; and

(2) report to the appropriate congressional committees the amounts of funds expended by each such organization for the purposes described in subsection (a) and the amount contributed by the United States to each such organization.

(c) EXCEPTIONS.—The limitation in subsection (a) shall not apply to contributions to the International Atomic Energy Agency or the United Nations Children's Fund (UNICEF).

Subchapter B—Middle East Provisions

SEC. 10411. CONDITIONAL CONTRIBUTIONS TO CERTAIN INTERNATIONAL ORGANIZATIONS.

(a) IN GENERAL.—No contributions by the United States shall be made to the United Nations Relief and Works Agency for Palestine Refugees in the Near East.

(b) EXCEPTION.—The limitation in subsection (a) shall not apply if the Secretary determines and reports to the appropriate congressional committees that the United Nations Relief and Works Agency is taking all possible measures to assure that no part of the United States contribution shall be used to provide assistance to any refugee who is receiving military training as a member of any terrorist group or guerrilla-type organization or who has engaged in any act of terrorism.

SEC. 10412. LIMITATION ON ASSISTANCE TO THE PALESTINIAN AUTHORITY.

(a) LIMITATION.—Assistance may be provided under this Act to the Hamas-controlled Palestinian Authority only during a period for which a certification described in subsection (b) is in effect.

(b) CERTIFICATION.—A certification described in subsection (a) is a certification transmitted by the President to Congress that contains a determination of the President that—

(1) no ministry, agency, or instrumentality of the Palestinian Authority is effectively controlled by Hamas, unless the Hamas-controlled Palestinian Authority has—

(A) publicly acknowledged the Jewish state of Israel's right to exist; and

(B) committed itself and is adhering to all previous agreements and understandings with the United States Government, with the Government of Israel, and with the international community, including agreements and understandings pursuant to the Performance-Based Roadmap to a Permanent Two-State Solution to the Israeli-Palestinian Conflict (commonly referred to as the ''Roadmap''); and

(2) the Hamas-controlled Palestinian Authority has made demonstrable progress toward—

(A) completing the process of purging from its security services individuals with ties to terrorism;

(B) dismantling all terrorist infrastructure within its jurisdiction, confiscating unauthorized weapons, arresting and bringing terrorists to justice, destroying unauthorized arms factories, thwarting and preempting terrorist at-

tacks, and fully cooperating with Israel's security services;

(C) halting all anti-American and anti-Israel incitement in Palestinian Authority-controlled electronic and print media and in schools, mosques, and other institutions it controls, and replacing educational materials, including textbooks, with materials that promote peace, tolerance, and coexistence with Israel;

(D) ensuring democracy, the rule of law, and an independent judiciary, and adopting other reforms such as ensuring transparent and accountable governance; and

(E) ensuring the financial transparency and accountability of all government ministries and operations.

(c) RECERTIFICATIONS.—Not later than 90 days after the date on which the President transmits to Congress an initial certification under subsection (b), and every six months thereafter—

(1) the President shall transmit to Congress a recertification that the conditions described in subsection (b) are continuing to be met; or

(2) if the President is unable to make such a recertification, the President shall transmit to Congress a report that contains the reasons therefor.

(d) CONGRESSIONAL NOTIFICATION.—Assistance made available under this Act to the Palestinian Authority may not be provided until 15 days after the date on which the President has provided notice thereof to the appropriate congressional committees in accordance with the procedures applicable to reprogramming notifications under section 9401.

(e) NATIONAL SECURITY WAIVER.—

(1) IN GENERAL.—Subject to paragraph (2), the President may waive subsection (a) with respect to—

(A) the administrative and personal security costs of the Office of the President of the Palestinian Authority;

(B) the activities of the President of the Palestinian Authority to fulfill his or her duties as President, including to maintain control of the management and security of border crossings, to foster the Middle East peace process, and to promote democracy and the rule of law; and

(C) assistance for the judiciary branch of the Palestinian Authority and other entities.

(2) CERTIFICATION.—The President may only exercise the waiver authority under paragraph (1) after—

(A) consulting with, and submitting a written policy justification to, the appropriate congressional committees; and

(B) certifying to the appropriate congressional committees that—

(i) it is in the national security interest of the United States to provide assistance otherwise prohibited under subsection (a); and

(ii) the individual or entity for which assistance is proposed to be provided is not a member of, or effectively controlled by (as the case may be), Hamas or any other foreign terrorist organization.

(3) REPORT.—Not later than 10 days after exercising the waiver authority under paragraph (1), the President shall submit to the appropriate congressional committees a report describing how the funds provided pursuant to such waiver will be spent

and detailing the accounting procedures that are in place to ensure proper oversight and accountability.

(4) TREATMENT OF CERTIFICATION AS NOTIFICATION OF PROGRAM CHANGE.—For purposes of this subsection, the certification required under paragraph (2)(B) shall be deemed to be a notification under section 9401 and shall be considered in accordance with the procedures applicable to notifications submitted pursuant to that section.

(f) DEFINITION.—In this section, the term ''Palestinian Authority'' means the interim Palestinian administrative organization that governs part of the West Bank and all of the Gaza Strip (or any successor Palestinian governing entity), including the Palestinian Legislative Council.

SEC. 10413. LIMITATION ON ASSISTANCE FOR THE WEST BANK AND GAZA.

(a) LIMITATION.—Assistance may be provided under this Act to nongovernmental organizations for the West Bank and Gaza only during a period for which a certification described in section 10412(b) is in effect with respect to the Palestinian Authority.

(b) EXCEPTIONS.—Subsection (a) shall not apply with respect to the following:

(1) ASSISTANCE TO MEET BASIC HUMAN NEEDS.—Assistance to meet food, water, medicine, health, or sanitation needs, or other assistance to meet basic human needs.

(2) ASSISTANCE TO PROMOTE DEMOCRACY.—Assistance to promote democracy, human rights, freedom of the press, non-violence, reconciliation, and peaceful coexistence, provided that such assistance does not directly benefit Hamas or any other foreign terrorist organization.

(3) ASSISTANCE FOR INDIVIDUAL MEMBERS OF THE PALESTINIAN LEGISLATIVE COUNCIL.—Assistance, other than funding of salaries or salary supplements, to individual members of the Palestinian Legislative Council who the President determines are not members of Hamas or any other foreign terrorist organization, for the purposes of facilitating the attendance of such members in programs for the development of institutions of democratic governance, including enhancing the transparent and accountable operations of such institutions, and providing support for the Middle East peace process.

(4) OTHER TYPES OF ASSISTANCE.—Any other type of assistance if the President—

(A) determines that the provision of such assistance is in the national security interest of the United States; and

(B) not less than 30 days prior to the obligation of amounts for the provision of such assistance—

(i) consults with the appropriate congressional committees regarding the specific programs, projects, and activities to be carried out using such assistance; and

(ii) submits to the appropriate congressional committees a written memorandum that contains the determination of the President under subparagraph (A).

(c) MARKING REQUIREMENT.—Assistance provided under this Act to nongovernmental organizations for the West Bank and Gaza shall be marked as assistance from the American people or the United States Government unless the Secretary of State or, as appropriate, the Administrator of the United States Agency for International Development, determines that such marking will endanger the lives or safety of persons delivering such assistance or would have an adverse effect on the implementation of that assistance.

(d) CONGRESSIONAL NOTIFICATION.—Assistance made available under this Act to nongovernmental organizations for the West Bank and Gaza may not be provided until 15 days after the date on which the President has provided notice thereof to the appropriate congressional committees in accordance with the procedures applicable to reprogramming notifications under section 9401.

SEC. 10414. PALESTINIAN STATEHOOD.

(a) LIMITATION.—None of the funds made available under this Act may be provided to support a Palestinian state unless the Secretary determines and certifies to the appropriate congressional committees that—

(1) the governing entity of a new Palestinian state—

(A) has demonstrated a firm commitment to peaceful co-existence with the State of Israel; and

(B) is taking appropriate measures to counter terrorism and terrorist financing in the West Bank and Gaza, including the dismantling of terrorist infrastructures, and is cooperating with appropriate Israeli and other appropriate security organizations; and

(2) the Palestinian Authority (or the governing entity of a new Palestinian state) is working with

other countries in the region to vigorously pursue efforts to establish a just, lasting, and comprehensive peace in the Middle East that will enable Israel and an independent Palestinian state to exist within the context of full and normal relationships, which should include—

(A) termination of all claims or states of belligerency;

(B) respect for and acknowledgment of the sovereignty, territorial integrity, and political independence of every state in the area through measures including the establishment of demilitarized zones;

(C) their right to live in peace within secure and recognized boundaries free from threats or acts of force;

(D) freedom of navigation through international waterways in the area; and

(E) a framework for achieving a just settlement of the refugee problem.

(b) SENSE OF CONGRESS.—It is the sense of Congress that the governing entity should enact a constitution assuring the rule of law, an independent judiciary, and respect for human rights for its citizens, and should enact

other laws and regulations assuring transparent and accountable governance.

(c) WAIVER.—The President may waive the limitation on assistance in subsection (a) if the President determines and reports to Congress that it is important to the national security interests of the United States to do so.

(d) EXEMPTION.—The limitation in subsection (a) shall not apply to assistance intended to help reform the Palestinian Authority and affiliated institutions, or the governing entity, in order to help meet the requirements of subsection (a), consistent with the provisions of section 10418.

SEC. 10415. RESTRICTIONS CONCERNING THE PALESTINIAN AUTHORITY.

(a) IN GENERAL.—None of the funds made available under this Act may be provided to create in any part of Jerusalem a new office of any department or agency of the United States Government for the purpose of conducting official United States Government business with the Palestinian Authority over Gaza and Jericho or any successor Palestinian governing entity provided for in the Israel-PLO Declaration of Principles.

(b) EXCEPTION.—The restriction in subsection (a) shall not apply to the acquisition of additional space for the existing Consulate General in Jerusalem.

(c) MEETING LOCATION.—Meetings between officers and employees of the United States and officials of the Palestinian Authority, or any successor Palestinian governing entity provided for in the Israel-PLO Declaration of Principles, for the purpose of conducting official United States Government business with such authority should continue to take place in locations other than Jerusalem.

(d) INCIDENTAL DISCUSSIONS.—Consistent with past practices, officers and employees of the United States Government may continue to meet in Jerusalem on other subjects with Palestinians (including those who now occupy positions in the Palestinian Authority), have social contacts, and have incidental discussions.

SEC. 10416. PROHIBITION ON ASSISTANCE TO THE PALESTINIAN BROADCASTING CORPORATION.

None of the funds made available under this Act may be made available to provide equipment, technical support, consulting services, or any other form of assistance to the Palestinian Broadcasting Corporation.

SEC. 10417. ASSISTANCE FOR THE WEST BANK AND GAZA.

(a) OVERSIGHT.—The Secretary shall ensure that procedures have been established to assure the Comptroller General of the United States has access to appropriate United States financial information in order to re-

1 view the uses of United States assistance for the West
2 Bank and Gaza.

3 (b) VETTING.—

4 (1) IN GENERAL.—The Secretary shall take all
5 appropriate steps to ensure that assistance for the
6 West Bank and Gaza is not provided to or through
7 any individual, private or government entity, or edu-
8 cational institution that the Secretary knows or has
9 reason to believe advocates, plans, sponsors, engages
10 in, or has engaged in, terrorist activity nor, with re-
11 spect to private entities or educational institutions,
12 those that have as a principal officer of the entity's
13 governing board or governing board of trustees any
14 individual that has been determined to be involved
15 in, or advocating terrorist activity or determined to
16 be a member of a designated foreign terrorist orga-
17 nization.

18 (2) PROCEDURES.—The Secretary shall, as ap-
19 propriate, establish procedures specifying the steps
20 to be taken in carrying out this subsection and shall
21 terminate assistance to any individual, entity, or
22 educational institution which the Secretary has de-
23 termined to be involved in or advocating terrorist ac-
24 tivity.

(c) PROHIBITION.—None of the funds made available under this Act for assistance to the West Bank and Gaza may be made available for the purpose of recognizing or otherwise honoring individuals who commit, or have committed acts of terrorism.

(d) BENCHMARKS.—Before providing assistance to the West Bank and Gaza for a fiscal year, the Secretary shall report to the appropriate congressional committees on the benchmarks that have been established for security assistance for the West Bank and Gaza and the extent of Palestinian compliance with such benchmarks.

(e) AUDITS.—

(1) IN GENERAL.—The Administrator shall ensure that Federal or non-Federal audits of all contractors and grantees, and significant subcontractors and sub-grantees, under the West Bank and Gaza Program, are conducted at least on an annual basis to ensure, among other things, compliance with this section.

(2) AUDITS, INSPECTIONS, AND OTHER ACTIVITIES.—Of amounts made available in a fiscal year for the Office of Inspector General of the United States Agency for International Development, up to $500,000 may be used for audits, inspections, and other activities in furtherance of the requirements of

this subsection, in addition to funds otherwise available for such purposes.

SEC. 10418. LIMITATION ON ASSISTANCE TO THE PALESTINIAN AUTHORITY.

(a) LIMITATION.—None of the funds made available under section 4103 may be provided to the Palestinian Authority.

(b) WAIVER.—The prohibition in subsection (a) shall not apply if the President certifies in writing to the Speaker of the House of Representatives, the President pro tempore of the Senate, and the appropriate congressional committees that waiving such prohibition is important to the national security interests of the United States.

(c) PERIOD OF WAIVER.—Any waiver issued pursuant to subsection (b) shall be effective for no more than a period of 6 months.

(d) REPORT.—Whenever the waiver authority pursuant to subsection (b) is exercised, the President shall submit to the appropriate congressional committees a report detailing—

(1) the justification for the waiver;

(2) the purposes for which the funds will be spent;

(3) the accounting procedures in place to ensure that the funds are properly disbursed; and

(4) the steps the Palestinian Authority has taken to arrest terrorists, confiscate weapons, and dismantle the terrorist infrastructure.

(e) CERTIFICATION.—If the waiver authority pursuant to subsection (b) is exercised, the Secretary shall certify and report to the appropriate congressional committees, before providing assistance to the Palestinian Authority, that—

(1) the Palestinian Authority has established a single treasury account for all Palestinian Authority financing;

(2) all financing mechanisms flow through such account;

(3) no parallel financing mechanisms exist outside of such account; and

(4) there is a single comprehensive civil service roster and payroll.

(f) PROHIBITION ON ASSISTANCE TO HAMAS AND THE PALESTINE LIBERATION ORGANIZATION.—

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

(A) salaries of personnel of the Palestinian Authority located in Gaza;

(B) assistance to Hamas or any entity effectively controlled by Hamas; or

(C) any power-sharing government of which Hamas is a member, or that results from an agreement with Hamas and over which Hamas exercises undue influence.

(2) EXCEPTION.—Notwithstanding paragraph (1), assistance may be provided to a power-sharing government only if the President certifies and reports to the appropriate congressional committees that such government, including all of its ministers or such equivalent, has publicly accepted and is complying with the principles contained in subparagraphs (A) and (B) of section 10412(b)(1).

(3) NATIONAL SECURITY WAIVER.—The President may exercise the authority in section 10412(e) with respect to this subsection.

(4) REPORT.—Whenever the certification pursuant to paragraph (2) is exercised, the Secretary shall submit to the appropriate congressional committees a report not later than 120 days after the date of the certification and every quarter thereafter on—

(A) whether such government, including all of its ministers or such equivalent are continuing to comply with the principles contained

in subparagraph (A) and (B) of section 10412(b)(1);

(B) the amount, purposes and delivery mechanisms for any assistance provided pursuant to the certification; and

(C) a full accounting of any direct support of such government.

(5) LIMITATION ON ASSISTANCE TO THE PLO.—None of the funds made available under this Act may be used to provide assistance for the Palestine Liberation Organization.

SEC. 10419. LIMITATION RELATING TO PALESTINIAN STATUS IN THE UNITED NATIONS.

(a) LIMITATION.—None of the funds made available under section 4103 may be used to provide assistance for the Palestinian Authority if the Palestinians obtain, after the date of the enactment of this Act, the same standing as member states, enhanced observer status, or full membership as a state in the United Nations or any specialized agency thereof outside an agreement negotiated between Israel and the Palestinians.

(b) WAIVER BY SECRETARY.—The Secretary may waive the limitation in subsection (a) if the Secretary certifies to the appropriate congressional committees that to do so is in the national security interest of the United

States and submits to the appropriate congressional committees a report detailing how the waiver and the continuation of assistance would assist in furthering Middle East peace.

(c) WAIVERS BY PRESIDENT.—

(1) IN GENERAL.—The President may waive the provisions of section 1003 of the Anti-Terrorism Act of 1987 (22 U.S.C. 5202) if the President determines and certifies in writing to the Speaker of the House of Representatives, the President pro tempore of the Senate, and the appropriate congressional committees that the Palestinians have not, after the date of the enactment of this Act, obtained in the United Nations or any specialized agency thereof the same standing as member states, enhanced observer status, or full membership as a state in the United Nations or any specialized agency thereof outside an agreement negotiated between Israel and the Palestinians.

(2) ADDITIONAL WAIVER.—Not less than 90 days after the President is unable to make the certification pursuant to paragraph (1), the President may waive section 1003 of the Anti-Terrorism Act of 1987 if the President determines and certifies in writing to the Speaker of the House of Representa-

tives, the President pro tempore of the Senate, and the appropriate congressional committees that the Palestinians have entered into direct and meaningful negotiations with Israel relating to Palestinian statehood.

(3) EXPIRATION OF OTHER WAIVERS.—Any waiver of the provisions of section 1003 of the Anti-Terrorism Act of 1987 under paragraph (1) or under previous provisions of law must expire before a waiver under paragraph (2) may be exercised.

(4) EFFECTIVE DATE.—Any waiver of the provisions of section 1003 of the Anti-Terrorism Act of 1987 pursuant to paragraph (1) or (2) shall be effective for not more than a period of 6 months.

CHAPTER 5—TRADE AND COMMERCE

SEC. 10501. PROHIBITION ON ASSISTANCE FOR EXPORTING UNITED STATES JOBS.

(a) INCENTIVES AND INDUCEMENTS.—No foreign assistance may be made available to provide any financial incentive to a business enterprise located in the United States for the purpose of inducing such enterprise to relocate outside the United States, if such incentive or inducement is likely to reduce the number of employees of such business enterprise in the United States because United

States production is being replaced by such enterprise outside the United States.

(b) WORKERS' RIGHTS.—No foreign assistance may be made available for any program, project, or activity that contributes to the violation of internationally recognized worker rights (as such term is defined in section 507(4) of the Trade Act of 1974 (19 U.S.C. 2467(4))) of workers in a partner country, including any designated zone or area in the country.

(c) MICRO AND SMALL-SCALE ENTERPRISE.—The application of subparagraph (D) or (E) of section 507(4) of the Trade Act of 1974 (19 U.S.C. 2467(4)) with respect to a partner country should be commensurate with the level of development of the country and the relevant economic sector of the country, and shall not preclude assistance for the informal sector of the country, micro and small-scale enterprise in the country, and smallholder agriculture in the country.

SEC. 10502. PROHIBITION ON ASSISTANCE TO GOVERNMENTS THAT EXPROPRIATE UNITED STATES PROPERTY.

(a) IN GENERAL.—No foreign assistance may be provided to a foreign government which the Secretary determines has—

(1) on or after January 1, 1962—

(A) nationalized or expropriated or seized ownership or control of property owned by any United States citizen or by any corporation, partnership, or association not less than 50 percent beneficially owned by United States citizens;

(B) taken steps to repudiate or nullify existing contracts or agreements with any United States citizen or any corporation, partnership, or association not less than 50 percent beneficially owned by United States citizens; or

(C) imposed or enforced discriminatory taxes or other exactions, or restrictive maintenance or operational conditions, or has taken other actions, which have the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property so owned; and

(2) failed within a reasonable time to take appropriate steps, which may include arbitration, to—

(A) discharge its obligations under international law toward such citizen or entity, including speedy compensation for such property in convertible foreign exchange, equivalent to the full value thereof, as required by international law; or

(B) provide relief from such taxes, exactions, or conditions, as the case may be.

(b) "REASONABLE TIME" DEFINED.—For the purposes of subsection (a)(2), the term "reasonable time" means—

(1) not more than six months after an action described in subsection (a)(1); or

(2) in the event of a referral to the Foreign Claims Settlement Commission of the United States, not more than twenty days after the report of the Commission is received.

(c) EXPIRATION OF DETERMINATIONS.—A determination of the Secretary under subsection (a) shall remain in effect until rescinded.

(d) RESCISSION OF DETERMINATIONS.—A determination of the Secretary under subsection (a) with respect to a foreign government shall not be rescinded unless the President submits to the appropriate congressional committees a report certifying that the government has taken appropriate steps to—

(1) discharge its obligations under international law toward such citizen or entity; or

(2) provide relief from the taxes, exactions, or conditions, as the case may be.

(e) PUBLICATION.—A determination made under subsection (a) or a report submitted under subsection (d) shall be published in the Federal Register and made available on the Internet website of the Department of State.

(f) LIST.—The Secretary shall include in the annual report required by section 9302 (relating to congressional budget justification) a list of foreign governments for which determinations under subsection (a) are currently in effect.

(g) WAIVER.—Assistance prohibited by subsection (a) may be provided to a foreign government described in that subsection if, at least 15 days before providing assistance, the President submits to the appropriate congressional committees—

(1) a certification that such a waiver is important to the national interests of the United States; and

(2) a report describing—

(A) the type and amount of assistance to be provided pursuant to the waiver;

(B) the justification for such waiver; and

(C) the time period for which such waiver will be effective.

(h) FOREIGN CLAIMS SETTLEMENT COMMISSION.—

(1) IN GENERAL.—Upon request of the President (within 70 days after an action referred to in subsection (a)(1)), the Foreign Claims Settlement Commission of the United States (established pursuant to Reorganization Plan No. 1 of 1954, 68 Stat. 1279) is hereby authorized to evaluate expropriated property, determining the full value of any property nationalized, expropriated, or seized, or subject to discriminatory or other actions as aforesaid, for purposes of this section and to render an advisory report to the President within 90 days after such request.

(2) FORM OF REPORT.—Unless authorized by the President, the Commission shall not publish its advisory report except to the citizen or entity owning such property.

(3) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated such amounts, to remain available until expended, as may be necessary from time to time to enable the Commission to carry out expeditiously its functions under this subsection.

(i) FEDERAL ACT OF STATE DOCTRINE.—

(1) IN GENERAL.—Notwithstanding any other provision of law, no court in the United States shall

decline on the ground of the Federal act of state doctrine to make a determination on the merits giving effect to the principles of international law in a case in which claim of title or other right to property is asserted by any party, including a foreign state (or a party claiming through such state), based upon (or traced through) a confiscation or other taking after January 1, 1959, by an act of that state in violation of the principles of international law, including the principles of compensation and the other standards set out in this section.

(2) EXCEPTIONS.—This subsection shall not be applicable—

(A) in any case in which an act of a foreign state is not contrary to international law or with respect to a claim of title or other right to property acquired pursuant to an irrevocable letter of credit of not more than 180 days duration issued in good faith prior to the time of the confiscation or other taking; or

(B) in any case with respect to which the President determines that application of the act of state doctrine is required in that particular case by the foreign policy interests of the United States and a suggestion to this effect is

filed on the President's behalf in that case with the court.

SEC. 10503. PROHIBITION ON ASSISTANCE FOR COMPENSATION RELATING TO EXPROPRIATED OR NATIONALIZED PROPERTY.

(a) PROHIBITION.—No foreign assistance may be provided to compensate owners for expropriated or nationalized property and, upon finding by the President that such assistance has been used by a government for such purpose, no further assistance under this Act may be provided to the government until appropriate reimbursement is made to the United States.

(b) EXCEPTION.—The prohibition in subsection (a) shall not apply to monetary assistance made available for use by a foreign government to compensate nationals of that country in accordance with a land reform program if the President determines that monetary assistance for such land reform program will further the national interests of the United States.

SEC. 10504. PROHIBITION ON ASSISTANCE TO GOVERNMENTS THAT REFUSE EXTRADITION REQUESTS.

(a) IN GENERAL.—No assistance under this Act (other than assistance under title V) may be provided to the central government of a country which has notified

the Department of State of its refusal to extradite to the United States any individual indicted for a criminal offense for which the maximum penalty is life imprisonment without the possibility of parole or for killing a law enforcement officer, as specified in a United States extradition request.

(b) APPLICABILITY.—The prohibition in subsection (a) shall only apply to the central government of a country—

(1) with which the United States maintains diplomatic relations; and

(2) which is violating the terms and conditions of its extradition treaty with the United States.

(c) WAIVER.—The Secretary may waive the prohibition in subsection (a) on a case-by-case basis if the Secretary certifies and reports to the appropriate congressional committees pursuant to section 9401 that such waiver is important to the national interests of the United States.

SEC. 10505. PROHIBITION ON TAXATION OF FOREIGN ASSISTANCE.

(a) IN GENERAL.—No foreign assistance may be provided to a foreign government under a bilateral agreement entered into after the date of the enactment of this Act governing the terms and conditions under which such as-

sistance is to be provided unless such agreement includes a provision stating that United States foreign assistance shall be exempt from taxation or reimbursed by the foreign government.

(b) REIMBURSEMENT OF FOREIGN TAXES.—In each fiscal year, the Secretary shall reduce the amount of foreign assistance made available under this Act to a government by an amount equivalent to the total taxes assessed on United States foreign assistance, either directly or through grantees, contractors and subcontractors, by such government in the previous fiscal year, until such taxes have been reimbursed to the United States.

(c) TRANSPARENCY.—The Secretary shall include in each report on allocations of assistance under section 9303 the amount of unreimbursed taxes assessed by each government to which the United States Government intends to provide funds.

(d) DEFINITION.—In this section, the terms ''taxes'' and ''taxation'' refer to value-added taxes and customs duties imposed on commodities financed with United States foreign assistance, and do not include foreign taxes of a de minimis nature.

SEC. 10506. REIMBURSEMENT OF PARKING FINES AND REAL PROPERTY TAXES OWED BY GOVERNMENTS.

(a) IN GENERAL.—In each fiscal year, the Secretary shall reduce the amounts made available to a foreign government under this Act by an amount equivalent to 110 percent of the total amount of the unpaid parking fines and unpaid property taxes owed by such government, until such parking fines and property taxes are fully paid.

(b) ADDITIONAL AMOUNTS.—Amounts reduced under subsection (a) shall be in addition to amounts withheld under any other provision of law.

(c) WAIVER.—The Secretary may waive the requirements of subsection (a) with respect to a government if the Secretary determines that it is in the national interests of the United States to do so.

(d) REPORTS.—The Secretary shall—

(1) include in the annual report required by section 9302 a list of governments for which waivers under subsection (c) have been issued; and

(2) include in each report on allocations of assistance under section 9303 the amount of unpaid parking fines and unpaid property taxes owed by each foreign government to which the United States Government intends to provide assistance.

(e) DEFINITIONS.—In this section—

(1) the term ''unpaid parking fines'' means fully adjudicated parking fines, including penalties—

(A) which are incurred after April 1, 1997;

(B) which are owed to the District of Columbia or New York, New York;

(C) for which the person to whom the vehicle is registered—

(i) has not responded to the parking violation summons; or

(ii) has not followed the appropriate adjudication procedure to challenge the summons; and

(D) for which the period of time for payment of or challenge to the summons has lapsed; and

(2) the term ''unpaid property taxes'' means the amount of unpaid taxes and interest determined to be owed by a foreign country on real property in the District of Columbia or New York, New York, in a court order or judgment entered against such country by a court of the United States or any State or subdivision thereof.

SEC. 10507. LIMITATION ON ASSISTANCE TO COUNTRIES IN DEFAULT.

No assistance made available under this Act may be made available for new loans to the government of any country which is in default, during a period in excess of six calendar months, in payment to the United States of principal or interest on any loan made to such country under this Act, unless—

(1) such country meets its obligations under the existing loan; or

(2) the Secretary determines that new loans to such government are in the national interest and notifies the appropriate congressional committees of such determination.

SEC. 10508. PROHIBITION ON PROMOTION OF TOBACCO.

No foreign assistance may be made available to promote the sale or export of tobacco or tobacco products, or to seek the reduction or removal by any foreign country of restrictions on the marketing of tobacco or tobacco products, except to ensure that restrictions are applied equally to all tobacco or tobacco products of the same type.

SEC. 10509. PROHIBITION ON ASSISTANCE FOR OFFICIAL GIFTS.

No assistance made available under this Act may be used to pay for a gift to an official of a foreign government.

Subtitle B—Policy Authorities

SEC. 10601. CONTINGENCIES.

(a) IN GENERAL.—Notwithstanding any other provision of law, the President is authorized to use funds made available to carry out any provision of this Act in order to provide, for any unanticipated contingencies, assistance authorized by title I, II or III in accordance with the provisions applicable to the furnishing of such assistance.

(b) LIMITATION.—The authority of subsection (a) may not be used to authorize the use of more than $50,000,000 during any fiscal year.

(c) REPORT REQUIRED.—The President shall report in advance to the extent practicable to the appropriate congressional committees each time the President intends to exercise the authority of subsection (a).

SEC. 10602. TRANSFER BETWEEN ACCOUNTS.

(a) IN GENERAL.—Whenever the President determines it to be necessary for the purposes of this Act, not to exceed 10 percent of the funds made available for any provision of this Act may be transferred to, and consolidated with, the funds made available for any other provision of this Act, and may be used for any of the purposes for which such funds may be used, except that the total in the provision for the benefit of which the transfer is

made shall not be increased by more than 20 percent of the amount of funds made available for such provision.

(b) EXCEPTION.—The authority of subsection (a) shall not be used to transfer funds made available for the purposes of titles I, II, or III and consolidate them with funds made available for the purposes of titles IV or V of this Act.

(c) REPORT REQUIRED.—The President shall report in advance to the extent practicable to the appropriate congressional committees each time the President intends to exercise the authority of subsection (a).

SEC. 10603. SPECIAL WAIVER AUTHORITY.

(a) AUTHORITY.—The President may authorize the taking of any action (or the refraining from the taking of any action) under this Act or any other Act relating to foreign assistance, notwithstanding any provision of law, if the President determines—

(1) in cases relating to the transfer of defense articles or defense services, that to do so is essential to the national interests of the United States; and

(2) in any other cases, that to do so is important to the national interests of the United States.

(b) CONSULTATION WITH CONGRESS.—Before exercising the authority of subsection (a), the President shall

consult with, and shall provide a written policy justification to, the appropriate congressional committees.

(c) NOTIFICATION TO CONGRESS.—A determination under subsection (a) shall not be effective until the President submits written notification of that determination to the appropriate congressional committees.

(d) ANNUAL CEILINGS.—

(1) IN GENERAL.—The authority of this section may not be used in any fiscal year to authorize—

(A) more than $1,000,000,000 in sales or leases to be made under subtitle C of title IV;

(B) the use of more than $500,000,000 of funds made available for use under any other provision of this Act; and

(C) the use of more than $100,000,000 of foreign currencies accruing under this Act or any other law.

(2) ARMS SALES.—If the authority of this section is used both to authorize a sale or lease under subtitle C of title IV and to authorize funds to be used under this Act with respect to the financing of that sale or lease, then the use of the funds shall be counted against the limitation in paragraph (1)(B) and the portion, if any, of the sale or lease which

is not so financed shall be counted against the limitation in paragraph (1)(A).

(3) LEASES.—For purposes of paragraph (1)(A), the replacement cost, less any depreciation in the value, of the defense articles authorized to be leased shall be counted against the limitation in that paragraph.

(4) COUNTRY LIMITS.—The following limitations shall apply with respect to any one country in any fiscal year:

(A) Not more than $100,000,000 of the $500,000,000 limitation provided in paragraph (1)(B) may be allocated to the country unless the country is a victim of active aggression.

(B) Not more than $750,000,000 of the aggregate limitation of $1,500,000,000 provided in paragraphs (1)(A) and (1)(B) may be allocated to the country.

TITLE XI—ORGANIZATION, MANAGEMENT, AND HUMAN RESOURCES

SEC. 11001. DEFINITIONS.

In this title:

(1) COMMODITY.—The term ''commodity'' includes any material, article, supply, goods, or equip-

ment used for the purposes of providing non-military assistance.

(2) COMMODITY RESTRICTIONS.—The term ''commodity restrictions'' means statutory and regulatory requirements that apply to the procurement or transportation of commodities financed under this Act, including—

(A) sections 11501 and 11503;

(B) section 901(b)(1) of the Merchant Marine Act of 1936;

(C) section 5 of the International Air Transportation Fair Competitive Practice Act of 1974;

(D) section 644 of the Small Business Act;

(E) section 2711 of the Competition in Contracting Act of 1984; and

(F) the Federal Property and Administrative Services Act of 1949.

(3) COUNTRY OF ASSIGNMENT.—The term ''country of assignment'' means the foreign country in which an individual serves an accredited representative of the United States Government.

(4) DEFENSE ARTICLE AND RELATED TERMS.—The terms ''defense article'', ''defense service'', ''defense information'', ''excess defense arti-

cle'', ''major defense equipment'', and ''significant military equipment'' have the meanings given such terms in section 4411.

(5) FEDERAL EMPLOYEE.—The term ''Federal employee'' or ''employee'' has the meaning given the term ''employee'' in section 2105(a) of title 5, United States Code.

(6) FEDERAL OFFICER.—The term ''Federal officer'' or ''officer'' has the meaning given the term ''officer'' in section 2104 of title 5, United States Code.

(7) FEDERAL PERSONNEL.—The term ''Federal personnel'' or ''personnel'' includes Federal employees, Federal officers, personal services contractors, locally employed staff, foreign national employees of the Foreign Service (as defined in section 103(6) of the Foreign Service Act of 1980), and any other individual employed by a Federal department or agency, as defined under regulations prescribed by the President.

(8) FOREIGN SERVICE OFFICER.—The term ''Foreign Service Officer'' means a member of the Foreign Service as defined in section 103 of the Foreign Service Act of 1980.

(9) FUNCTION.—The term ''function'' includes any duty, obligation, power, authority, responsibility, right, privilege, discretion, or activity.

(10) GENDER ANALYSIS, EQUALITY, AND INTEGRATION.—The terms ''gender analysis'', ''gender equality'', and ''gender integration'' have the meanings given such terms in section 1708.

(11) LOCAL ENTITY.—

(A) IN GENERAL.—The term ''local entity'' means an individual, corporation, nonprofit organization, or another body of persons that—

(i) is located in a partner country;

(ii) is organized under the laws of the partner country;

(iii) has as its principal place of business or operations the partner country; and

(iv) is owned or controlled by citizens of the partner country.

(B) OWNED OR CONTROLLED.—In subparagraph (iv), the term ''owned or controlled'' means—

(i) in the case of a corporation, the holding of at least 50 percent (by vote or

value) of the capital structure of the corporation; or

(ii) in the case of any other kind of legal entity, the holding of interests representing at least 50 percent of the capital structure of the entity.

(12) SERVICE.—The term ''service'' includes any service, repair, training, technical assistance, advice, or information used for purposes of this Act.

Subtitle A—Organization

CHAPTER 1—EXERCISE AND COORDINATION OF FUNCTIONS

SEC. 11101. DELEGATIONS; REGULATIONS.

(a) DELEGATIONS BY THE PRESIDENT.—The President may exercise any functions conferred upon the President by this Act through such Federal agency or Federal officer as the President shall direct.

(b) ISSUE REGULATIONS AND DELEGATIONS BY AGENCY HEADS.—The head of any such agency or any such officer exercising functions under this Act—

(1) may from time to time promulgate such rules and regulations as may be necessary to carry out such functions; and

(2) may delegate authority, including the delegation to any other agency, upon obtaining the con-

currence of the head of that agency, to perform any such functions, including, if the delegating official shall so specify, the authority successively to redelegate any such functions.

SEC. 11102. ROLE OF THE SECRETARY OF STATE.

(a) IN GENERAL.—Under the direction of the President, the Secretary shall be responsible for the continuous supervision, overall coordination, and general direction of United States foreign assistance, and for ensuring that the foreign policy of the United States is best served thereby.

(b) MILITARY ASSISTANCE.—The responsibility conferred upon the Secretary in subsection (a) includes—

(1) all forms of military assistance; and

(2) determinations of whether to offer or deliver any form of military assistance and the scope, types, amounts, and conditions of such assistance.

SEC. 11103. ROLE OF THE CHIEF OF MISSION.

(a) IN GENERAL.—The Chief of Mission shall be responsible for the continuous supervision, overall coordination, and general direction of all activities, resources, and programs of the United States Government as they are carried out in the country of assignment.

(b) EXCEPTIONS.—The responsibility conferred upon the Chief of Mission in subsection (a) shall not include authority over—

(1) Federal personnel under the command of a United States area military commander; or

(2) Federal personnel specifically exempted by law or designated by the President.

SEC. 11104. ROLE OF THE SECRETARY OF DEFENSE.

(a) PRIMARY RESPONSIBILITIES.—With respect to security assistance, the Secretary of Defense shall have primary responsibility for—

(1) the determination of military end-item requirements;

(2) the procurement of military equipment in a manner that permits its integration with service programs;

(3) the monitoring of military end-item use by the partner countries;

(4) the supervision of the training of foreign military and related civilian personnel;

(5) the movement and delivery of military end-items;

(6) the designation of defense articles as excess to United States requirements; and

(7) the performance of any other related functions within the Department of Defense.

(b) REGARDING MILITARY EQUIPMENT.—The establishment of priorities in the procurement, delivery, and al-

location of military equipment shall be determined by the Secretary of Defense.

SEC. 11105. OFFICE FOR GLOBAL WOMEN'S ISSUES.

(a) ESTABLISHMENT.—There is established an Office for Global Women's Issues (in this section referred to as the ''Office'') in the Office of the Secretary of State in the Department of State. The Office shall be headed by the Ambassador-at-Large (in this section referred to as the ''Ambassador''), who shall report directly to the Secretary of State.

(b) PURPOSE.—The Office shall coordinate efforts of the United States Government regarding gender integration and women's empowerment in United States foreign policy.

(c) DUTIES.—

(1) IN GENERAL.—The Ambassador shall—

(A) coordinate and advise on activities, policies, programs, and funding relating to gender integration and women's empowerment internationally for all bureaus and offices of the Department of State and in the international programs of other Federal agencies;

(B) design, support, and as appropriate, implement, limited projects regarding women's empowerment internationally;

(C) actively promote and advance the full integration of gender analysis into the programs, structures, processes, and capacities of all bureaus and offices of the Department of State and in the international programs of other Federal agencies; and

(D) direct, as appropriate, United States Government resources to respond to needs for gender integration and women's empowerment in United States Government foreign policies and international programs.

(2) DIPLOMATIC REPRESENTATION.—Subject to the direction of the President and the Secretary of State, the Ambassador is authorized to represent the United States in matters relevant to the status of women internationally.

(d) REPORTING.—The heads of all bureaus and independent offices of the Department of State, the United States Agency for International Development, and the Millennium Challenge Corporation shall, as appropriate, evaluate and monitor all women's empowerment programs administered by such bureaus and offices and annually submit to the Ambassador a report on such programs and on policies and practices to integrate gender.

SEC. 11106. BUREAU FOR ENERGY RESOURCES.

(a) IN GENERAL.—Section 931(a) of the Energy Independence and Security Act of 2007 (42 U.S.C. 17371(a)) is amended—

(1) in the subsection heading, by striking ''COORDINATOR FOR'' and inserting ''COORDINATION OF''; and

(2) in paragraph (2)—

(A) in the paragraph heading, by striking ''COORDINATOR FOR'' and inserting ''COORDINATION OF''; and

(B) by striking ''There is established within the Office of the Secretary of State a Coordinator for International Energy Affairs,'' and inserting in lieu thereof the following: ''There is established within the Department of State a Bureau for Energy Resources, to be headed by an Assistant Secretary,''.

(b) TRANSFER AUTHORITY.—The Secretary of State may transfer any authority, duty, or function assigned to the Coordinator for International Energy Affairs or to the Office of International Energy Affairs to the Assistant Secretary for Energy Resources or to the Bureau for Energy Resources (as the case may be).

(c) CONFORMING AMENDMENTS.—(1) Section 1(c)(1) of the State Department Basic Authorities Act of

1956 (22 U.S.C. 2651a), as amended by this Act, is further amended by striking ''25'' and inserting ''26''.

(2) Section 5315 of title 5, United States Code, as amended by this Act, is further amended in the item relating to Assistant Secretaries of State, by striking ''(25)'' and inserting ''(26)''.

SEC. 11107. BUREAU OF OCEANS, ENVIRONMENT AND SCIENCE.

(a) DEPARTMENT OF STATE APPROPRIATIONS AUTHORIZATION ACT OF 1973.—Section 9 of the Department of State Appropriations Authorization Act of 1973 (22 U.S.C. 2655a) is amended—

(1) in the section heading, by striking ''OCEANS AND INTERNATIONAL ENVIRONMENTAL AND SCIENTIFIC AFFAIRS'' and inserting ''OCEANS, ENVIRONMENT AND SCIENCE'' ; and

(2) by striking ''Oceans and International Environmental and Scientific Affairs'' each place it appears and inserting ''Oceans, Environment and Science''.

(b) CLEAN AIR ACT.—Section 617(a) of the Clean Air Act (42 U.S.C. 7671p(a)) is amended by striking ''Oceans and International Environmental and Scientific Affairs'' and inserting ''Oceans, Environment and Science''.

CHAPTER 2—UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

SEC. 11201. UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT.

(a) ESTABLISHMENT.—The United States Agency for International Development shall be an agency of the United States whose programs shall be under the continuous supervision, overall coordination, and general direction of the Secretary of State.

(b) MANDATE.—The mandate of the United States Agency for International Development shall be to reduce global poverty and alleviate human suffering.

(c) STATUTORY OFFICERS.—

(1) ADMINISTRATOR.—The United States Agency for International Development shall be headed by an Administrator, who shall be appointed by the President, by and with the advice and consent of the Senate.

(2) DEPUTY ADMINISTRATORS.—The President may appoint, by and with the advice and consent of the Senate, up to 2 Deputy Administrators of the United States Agency for International Development, who shall be compensated at the rate provided for at level III of the Executive Schedule under section 5314 of title 5, United States Code.

(3) ASSISTANT ADMINISTRATORS.—The President may appoint, by and with the advice and consent of the Senate, up to 13 Assistant Administrators of the United States Agency for International Development, who shall be compensated at the rate provided for at level IV of the Executive Schedule under section 5315 of title 5, United States Code. Among these shall be—

(A) an Assistant Administrator for Policy, Planning, and Learning;

(B) an Assistant Administrator for Food Security;

(C) an Assistant Administrator for Democratic and Civic Development; and

(D) an Assistant Administrator for Economic Growth, Environment, and Energy.

(4) NOMINATIONS OF ASSISTANT ADMINISTRATORS.—Whenever the President submits to the Senate a nomination of an individual for appointment to a position in the United States Agency for International Development pursuant to paragraph (3), the President shall designate the regional or functional bureau or bureaus of the Agency with respect to which the individual shall have responsibility.

(d) CONFORMING AMENDMENTS.—Title 5, United States Code, is amended as follows:

(1) In section 5315, in the item relating to Assistant Administrators, Agency for International Development—

(A) by inserting ''United States'' before ''Agency''; and

(B) by striking ''(6)'' and inserting ''(13)''.

(2) In section 7103(a)(2)(B)(iv), by inserting ''United States'' before ''Agency for International Development''.

SEC. 11202. ROLE OF THE ADMINISTRATOR.

(a) IN GENERAL.—The Administrator shall have the responsibility for carrying out the mandate of the United States Agency for International Development and for coordinating all United States development-related activities.

(b) CHIEF DEVELOPMENT ADVISOR.—The Administrator shall be the chief development advisor to the Secretary of State.

(c) NATIONAL SECURITY COUNCIL PARTICIPATION.—The President should invite the Administrator to participate in all appropriate meetings of the National Security Council.

(d) UNITED NATIONS DEVELOPMENT AGENCIES.—The Administrator should be responsible for the coordination and direction of United States policy regarding, and contributions to, all development-related agencies of the United Nations, in consultation with the Assistant Secretary of State for International Organization Affairs.

(e) MULTILATERAL DEVELOPMENT BANKS.—The President should appoint the Administrator to be the Alternate United States Governor of the Asian Development Bank, the African Development Bank, and the Inter-American Development Bank.

SEC. 11203. OVERSEAS MISSIONS.

(a) AUTHORITY TO MAINTAIN OVERSEAS MISSIONS.—

(1) IN GENERAL.—The Administrator may maintain special missions or staffs outside the United States in such countries and for such periods of time as may be necessary to carry out the purposes of this Act.

(2) OTHER LOCATIONS.—To the degree permitted by security and financial considerations, the Secretary should give favorable consideration to requests by the Administrator that the Secretary exercise authority under section 606(a)(2)(B) of the Secure Embassy Construction and Counterterrorism

Act of 1999 (22 U.S.C. 4865(a)(2)(B)) to waive certain requirements of that Act in order to permit the United States Agency for International Development to maintain such missions or staffs at locations separate from the United States embassy.

(b) APPOINTMENT.—The Administrator may appoint a head, who shall be known as the Mission Director, of each office or staff maintained under subsection (a).

(c) COMPENSATION AND ALLOWANCES.—Each Mission Director may receive such compensation and allowances as are authorized by the Foreign Service Act of 1980, not to exceed those authorized for a chief of mission (as defined in section 102(a)(3) of that Act), as the Administrator deems appropriate.

(d) ROLE OF MISSION DIRECTOR.—The Mission Director's responsibilities shall include—

(1) serving as the primary development and humanitarian advisor to the Chief of Mission;

(2) coordinating preparation of the Country Development Cooperation Strategy; and

(3) supervising and directing United States development cooperation with, and United States humanitarian operations in, such country.

(e) RELATIONSHIP TO FOREIGN ASSISTANCE COORDINATOR.—The responsibilities assigned to the Mission

Director under subsection (d) shall not preclude the Secretary of State from appointing an individual to oversee and coordinate the full range of economic and security assistance programs in a country.

SEC. 11204. CHAIRMAN OF OECD DEVELOPMENT ASSISTANCE COMMITTEE.

(a) APPOINTMENT.—The President may—

(1) appoint any United States citizen who is not a Federal employee, or

(2) assign any United States citizen who is a Federal employee,

to serve as Chairman of the Development Assistance Committee (DAC) or any successor committee thereto of the Organization for Economic Cooperation and Development, upon election thereto by members of said Committee.

(b) COMPENSATION AND ALLOWANCES.—

(1) IN GENERAL.—An individual appointed or assigned under subsection (a) may receive such compensation and allowances as are authorized by the Foreign Service Act of 1980, not to exceed those authorized for a chief of mission (as defined in section 102(a)(3) of that Act), as the President deems appropriate.

(2) ADDITIONAL PROVISIONS.—Such individual (if appointed under subsection (a)(1)) shall be

deemed to be a Federal employee for purposes of chapters 81, 83, 84, 87, and 89 of title 5, United States Code. Such individual may also, in the President's discretion, receive any other benefits and perquisites then available under this Act to a Chief of Mission under section 11103.

SEC. 11205. RESPONSIBILITIES OF THE INSPECTOR GENERAL OF THE UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT.

Section 8A of the Inspector General Act of 1978 (5 U.S.C. App. 3) is amended—

(1) by redesignating subsections (b) through (f) as subsections (c) through (g), respectively; and

(2) inserting after subsection (a) the following:

''(b) In addition to the other duties and responsibilities specified in this Act, the Inspector General of the United States Agency for International Development shall supervise, direct, and control all audit and investigative activities relating to programs and operations within the African Development Foundation, the Inter-American Foundation, the Millennium Challenge Corporation, the Office of the U.S. Global AIDS Coordinator of the Department of State, and the United States Trade and Development Agency.''.

Subtitle B—Management and Program Administration

CHAPTER 1—OPERATING EXPENSES AND ADMINISTRATIVE AUTHORITIES

SEC. 11301. OPERATING EXPENSES OF THE UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT.

(a) OPERATING EXPENSES.—The Administrator is authorized to use up to 10 percent of the total amount of funds managed by the United States Agency for International Development in a fiscal year for operating expenses of the United States Agency for International Development.

(b) CAPITAL INVESTMENT FUND.—In addition to funds made available under subsection (a), the Administrator is authorized to use up to 1 percent of the total amount of funds managed by the United States Agency for International Development in a fiscal year for overseas construction and related costs, and for the procurement and enhancement of information technology and related capital investments. Amounts made available under this subsection are authorized to remain available until expended.

(c) MANAGEMENT OF FUNDS.—The annual congressional budget justification prepared pursuant to section

9302 of this Act shall contain an estimate of the total funds managed by the United States Agency for International Development, disaggregated by account, and a detailed operating expenses budget.

(d) STATUS OF OBLIGATIONS.—The Administrator shall keep the appropriate congressional committees currently informed of the status of obligations of amounts made available under this section.

(e) DEFINITIONS.—In this section:

(1) OPERATING EXPENSES.—The term ''operating expenses'' means a use of funds that is authorized under section 11302.

(2) FUNDS MANAGED BY AGENCY.—The term ''funds managed by the United States Agency for International Development'' means all funds over which the Administrator has obligation authority, including—

(A) appropriations to carry out this Act;

(B) allocations or transfers from any other Federal agency, or from other appropriations, for functions directly related to the purposes of this Act; and

(C) proceeds from the disposal of property acquired under the authority of section 11302 (or predecessor provisions of law).

SEC. 11302. AUTHORIZED USES OF FUNDS.

(a) AUTHORIZED USES.—For purposes of section 11301(a), the following costs shall be considered operating expenses of the United States Agency for International Development and shall be included within the percentage limitation contained in such section:

(1) All compensation, training and benefits for Agency personnel, including personal services contractors, during the time such personnel have Washington D.C. or other places in the United States as their official duty station.

(2) Travel and transportation of Agency personnel described in paragraph (1) and their dependents and possessions.

(3) Acquisition, rent, operation and maintenance in the United States of motor vehicles, aircraft, and vessels.

(4) Acquisition, rent, operation and maintenance in the United States of land and facilities.

(5) Furniture and equipment located in the United States, including operation and maintenance.

(6) Utilities, insurance, communications, printing and reproduction, and miscellaneous services and charges in the United States.

(7) Subscriptions, supplies and materials for use in the United States.

(8) Attendance at meetings and conferences of Agency personnel described in paragraph (1).

(9) Commissions, councils, boards and similar groups authorized by law primarily located in the United States.

(10) Security equipment and services in the United States.

(11) Institutional, administrative service, and any other contract, including profit and overhead, for work to be performed primarily in the United States.

(12) Representation and entertainment expenses in the United States.

(b) COMPLIANCE WITH FEDERAL LAW.—All new facilities constructed under the authorities of this section, whether inside or outside the United States, shall comply with all relevant Federal codes and standards requiring access for persons with disabilities.

SEC. 11303. OPERATING EXPENSES OF THE OFFICE OF THE INSPECTOR GENERAL.

(a) IN GENERAL.—The President is authorized to pay for the necessary operating expenses of the Office of the Inspector General of the United States Agency for International Development to the extent and in the

amounts authorized and appropriated for such purposes in any fiscal year.

(b) ADDITIONAL AMOUNTS.—There are authorized to be appropriated to the President such amounts as may be necessary for increases in compensation, retirement, and other personnel benefits authorized by law, and for other nondiscretionary costs of the Office.

SEC. 11304. ADMINISTRATIVE AUTHORITIES OF THE DEPARTMENT OF DEFENSE.

(a) IN GENERAL.—Funds allocated to the Department of Defense for the purpose of providing assistance under this Act shall be available for the following:

(1) Administrative, extraordinary (not to exceed $300,000 in any fiscal year), and operating expenses incurred in furnishing assistance under this Act administered through the Department of Defense, including the purchase of passenger motor vehicles for replacement only for use outside of the United States.

(2) Reimbursement of actual expenses of military officers detailed or assigned as tour directors in connection with orientation visits of foreign military and related civilian personnel, in accordance with the provisions of section 5702 of title 5, United States Code, applicable to Federal employees.

(3) Maintenance, repair, alteration, and furnishing of United States-owned facilities in the District of Columbia or elsewhere for the training of foreign military and related civilian personnel without regard to the provisions of section 6303 of title 41, United States Code, or other provision of law requiring a specific authorization or specific appropriation for such public contracts.

(b) MILITARY OFFICER.—The term ''military officer'' means a commissioned, warrant, or non-commissioned officer of the United States Armed Forces.

SEC. 11305. WORKING CAPITAL FUND.

(a) ESTABLISHMENT.—The Administrator is authorized to establish a Working Capital Fund (in this section referred to as the ''Fund'').

(b) PURPOSE.—Amounts deposited during any fiscal year in the Fund shall be available without fiscal year limitation and used, in addition to other funds available for such purposes, for administrative costs resulting from Agency implementation and procurement reform efforts, the administration of this Fund, and administrative contingencies designated by the Administrator.

(c) DEPOSITS INTO THE FUND.—There may be deposited in any fiscal year in the Fund up to 1 percent of the total value of obligations entered into by the Agency

from appropriations available to the Agency and any appropriation made available for the purpose of providing capital. Receipts from the disposal of, or payments for the loss or damage to, property held in the Fund, rebates, reimbursements, refunds and other credits applicable to the operation of the Fund may be deposited into the Fund.

(d) REFUNDS.—At the close of each fiscal year the Administrator shall transfer out of the Fund and into the Emergency Humanitarian Response Fund established under section 1905 of this Act amounts in excess of $100,000,000 and any other amounts that the Administrator determines to be in excess of the needs of the Fund.

SEC. 11306. SUSPENSION AND DEBARMENT.

(a) ELIGIBILITY TO RECEIVE FUNDS.—The President shall issue and enforce regulations determining the eligibility of any person to receive funds made available under this Act.

(b) SUSPENSION.—The regulations described in subsection (a) shall provide for the suspension of eligibility of a person for a temporary period pending the completion of an investigation and any resulting judicial or debarment proceedings, upon cause for belief that such person or an affiliate thereof probably has undertaken conduct which constitutes a cause for debarment.

(c) DEBARMENT.—A person may be debarred from further receipt of funds made available under this Act, and from participating in any contract or agreement regarding the use of funds made available under this Act, for—

(1) conviction of or civil judgment for—

(A) commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public or private agreement or transaction;

(B) violation of Federal or State antitrust statutes, including those proscribing price fixing between competitors, allocation of customers between competitors, and bid rigging;

(C) commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, tax evasion, receiving stolen property, making false claims or obstruction of justice; or

(D) commission of any other offense indicating a lack of business integrity or business honesty;

(2) violation of the terms of a public agreement or transaction so serious as to affect the integrity of a program under this Act, such as—

(A) a willful failure to perform in accordance with the terms of one or more public agreements or transactions;

(B) a history of failure to perform or of unsatisfactory performance of one or more public agreements or transactions; or

(C) a willful violation of a statutory or regulatory provision or requirement applicable to a public agreement or transaction; or

(3) any of the following causes:

(A) knowingly doing business with an ineligible person;

(B) failure to pay a single substantial debt, or a number of outstanding debts, owed to any Federal agency or instrumentality; or

(C) any other cause of a serious or compelling nature.

(d) REINSTATEMENT.—Reinstatement of eligibility in each particular case shall be subject to such conditions as the President shall direct.

SEC. 11307. FALSE CLAIMS AND INELIGIBLE COMMODITIES.

(a) IN GENERAL.—Any person who makes or causes to be made or presents or causes to be presented to any bank or other financial institution or to any officer, agent, or employee of any agency of the United States Govern-

ment a claim for payment from funds made available under this Act for the purposes of furnishing assistance and who knows the claim to be false, fraudulent, or fictitious or to cover a commodity or commodity-related service determined by the President to be ineligible for payment from funds made available under this Act, or who uses to support such claim any certification, statement, or entry on any contract, bill of lading, Government or commercial invoice, or Government form, which such person knows, or in the exercise of prudent business management should know, to contain false, fraudulent, or fictitious information, or who uses or engages in any other fraudulent trick, scheme, or device for the purpose of securing or obtaining, or aiding to secure or obtain, for any person any benefit or payment from funds so made available under this Act in connection with the negotiation, procurement, award, or performance of a contract financed with funds so made available under this Act, and any person who enters into an agreement, combination or conspiracy to do so—

(1) shall pay to the United States an amount equal to 25 per centum of any amount thereby sought to be wrongfully secured or obtained but not actually received;

(2) shall forfeit and refund any payment, compensation, loan, commission, or advance received as a result thereof; and

(3) shall, in addition, pay to the United States for each such act—

(A) the sum of $2,000 and double the amount of any damage which the United States may have sustained by reason thereof; or

(B) an amount equal to 50 per centum of any such payment, compensation, loan, commission, or advance so received, whichever is the greater, together with the costs of suit.

(b) JUDICIAL PROCEEDING AND WITHHOLDING OF FUNDS.—

(1) IN GENERAL.—In order to secure recovery under this section, the President may, as the President deems appropriate—

(A) institute suit in the United States district court for any judicial district in which the person alleged to have performed or participated in an act described by this section may reside or may be found; and

(B) upon posting by registered mail to such person a notice of claim describing the basis therefor and identifying the funds to be

withheld, withhold from funds owed by any agency of the United States Government to such person an amount equal to the refund, damages, liquidated damages, and exemplary damages claimed by the United States under this section.

(2) EFFECT OF WITHHOLDING.—Any such withholding of funds from any person shall constitute a final determination of the rights and liabilities of such person under this section with respect to the amount so withheld, unless within one year of receiving the notice of claim such person brings suit for recovery, which is hereby authorized, against the United States in any United States district court.

(c) PERSON DEFINED.—For purposes of this section, the term ''person'' includes any individual, corporation, partnership, association, or other legal entity.

SEC. 11308. TERMINATION EXPENSES.

(a) TERMINATION EXPENSES.—

(1) IN GENERAL.—Funds made available under this Act, the former authority of the Foreign Assistance Act of 1961, the former authority of section 23 of the Arms Export Control Act, or other predecessor provisions of law shall remain available for obligation for a period not to exceed 8 months from

the date of any termination of assistance under such Acts for the necessary expenses of winding up programs related to such termination and may remain available until expended.

(2) TREATMENT OF OBLIGATED FUNDS.—Funds obligated under the authority of such Acts prior to the effective date of the termination of assistance may remain available for expenditure for the necessary expenses of winding up programs related to such termination notwithstanding any provision of law restricting the expenditure of funds.

(3) COMPLETION OF TRAINING OR STUDIES.—In order to ensure the effectiveness of such assistance, such expenses for orderly termination of programs may include the obligation and expenditure of funds to complete the training or studies outside their countries of origin of students whose course of study or training program began before assistance was terminated.

(b) LIABILITY TO CONTRACTORS.—For the purpose of making an equitable settlement of termination claims under extraordinary contractual relief standards, the President is authorized to adopt as a contract or other obligation of the United States Government, and assume (in whole or in part) any liabilities arising thereunder, any

contract with a United States or third-country contractor that had been funded with assistance under the Acts referred to in subsection (a) prior to the termination of assistance.

(c) REOBLIGATION OF AMOUNTS TERMINATED.—Amounts obligated for assistance and subsequently terminated by the President, or by any provision of law, shall continue to remain available and may be reobligated to meet any necessary expenses arising from the termination of such assistance.

(d) GUARANTY PROGRAMS.—No provision of this Act or any other Act requiring the termination of assistance under this Act or any other Act shall be construed to require the termination of guarantee commitments that were entered into prior to the effective date of the termination of assistance.

(e) RELATION TO OTHER PROVISIONS.—Unless specifically made inapplicable by another provision of law, the provisions of this section shall be applicable to the termination of assistance pursuant to any provision of law.

SEC. 11309. PROHIBITION ON CERTAIN FIRST-CLASS TRAVEL.

None of the funds made available under this Act may be used for first-class travel by Federal personnel of agencies funded by this Act in contravention of sections 301–

10.122 through 301–10.124 of title 41, Code of Federal Regulations.

CHAPTER 2—ASSISTANCE AUTHORITIES AND PROGRAM EXPENSES

SEC. 11401. GENERAL ASSISTANCE AUTHORITIES.

(a) TERMS OF ASSISTANCE.—Except as otherwise specifically prohibited in this Act, assistance under this Act may be furnished on a grant, loan, or guaranty basis, or on such terms, including cash, credit, or other terms of repayment (including repayment in foreign currencies or by transfer to the United States Government of articles), as may be determined to be best suited to the achievement of the purposes of this Act.

(b) TERMS AND CONDITIONS.—The President, the Secretary, and the Administrator, as the case may be, may furnish assistance under this Act on such terms and conditions (consistent with other provisions of law) as he or she deems appropriate, and, consistent with the provisions of this Act, may charge such fees for guarantees and loans under this Act as he or she deems appropriate. Credit assistance shall be consistent with the provisions of the Federal Credit Reform Act of 1990. In the case of contributions or other assistance provided for an international organization or arrangement under this or any other Act, such organization or arrangement may utilize its own pro-

curement, administrative, accounting, and audit rules and procedures.

(c) IMPLEMENTATION.—In furtherance of the purposes and subject to the limitations of this Act, the President, the Secretary, and the Administrator, in providing assistance under this Act, may make loans (in conformity with the provisions of the Federal Credit Reform Act of 1990), advances, and grants to, make and perform agreements and contracts with, or enter into other transactions with, any person, corporation, or other body of persons, any government or government agency, and any international organization or arrangement.

(d) GIFTS.—The President, the Secretary, and the Administrator may accept and use in furtherance of the purposes of this Act, money, funds, property, and services of any kind made available by gift, devise, bequest, grant, or otherwise for such purpose.

(e) INSURANCE.—

(1) FOREIGN PARTICIPANTS.—Any Federal agency is authorized to pay the cost of health and accident insurance for foreign participants in any program of furnishing assistance administered by such agency while such participants are absent from their homes for the purpose of participation in such program.

(2) FOREIGN PERSONNEL.—Any Federal agency is authorized to pay the cost of health and accident insurance for foreign personnel of that agency while such personnel are absent from their places of employment abroad for purposes of training or other official duties.

(f) ADMISSION TO UNITED STATES.—Alien participants in any program of furnishing assistance under this Act may be admitted to the United States if otherwise qualified as nonimmigrants under section 101(a)(15) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(15)), for such time and under such conditions as may be prescribed by regulations promulgated by the Secretary of State and the Attorney General.

(g) ASSISTANCE AUTHORITIES.—In furnishing and administering assistance under this Act, the President, the Secretary, and the Administrator—

(1) may issue letters of credit and letters of commitment;

(2) may collect, compromise, reschedule or otherwise settle any obligations assigned to, or held by, and any legal or equitable rights accruing to, the United States and may (as he or she deems appropriate) refer any such obligations or rights to the Attorney General for suit or collection;

(3) may—

(A) acquire and dispose of (upon such terms and conditions as he or she deems appropriate) any property, including any instrument evidencing indebtedness or ownership; and

(B) guarantee payment against any such instrument;

(4) may establish the character of, and decide the necessity for, obligations and expenditures of funds used in furnishing and administering such assistance and the manner in which such obligations and expenditures shall be incurred, allowed, and paid, subject to provisions of law specifically applicable to corporations of the United States Government; and

(5) shall cause to be maintained an integral set of accounts which shall be audited by the Government Accountability Office in accordance with principles and procedures applicable to commercial corporate transactions as provided by chapter 91 of title 31, United States Code.

(h) GUARANTEES.—Guarantees issued to carry out the purposes of this Act shall be subject to the following:

(1) FULL FAITH AND CREDIT.—The full faith and credit of the United States may be pledged for

the full payment and performance of guarantees issued under this Act or predecessor Acts.

(2) CHARGES.—The President may charge appropriate fees or interest in connection with the activities carried out under such authority.

(3) RELATIONSHIP TO OTHER PROVISIONS OF LAW.—Guarantees may be provided under this Act without regard to commodity restrictions.

(4) DENOMINATION OF LIABILITY.—The losses guaranteed may be in dollars or in other currencies. In the case of losses guaranteed in currencies other than dollars, the guarantees issued shall be subject to an overall payment limitation expressed in dollars.

(i) LOAN GUARANTEES TO ISRAEL PROGRAM.—Notwithstanding section 12201(1), section 226 of the Foreign Assistance Act of 1961 (22 U.S.C. 2186; relating to Loan Guarantees to Israel Program), shall not be repealed and shall remain in effect as on the day before the date of the enactment of this Act.

(j) SUBSIDY COST OF GUARANTEES AND LOANS.—The President, the Secretary, and the Administrator, as the case may be, may use funds made available under this Act to pay the cost (as defined in section 13201 of the Budget Enforcement Act of 1990) of direct loans and loan guarantees made or entered into (and associated adminis-

trative costs) in furtherance of the purposes of this Act. Funds appropriated to pay the cost (as defined in section 13201 of the Budget Enforcement Act of 1990) of direct loans and loan guarantees made or entered into to carry out the provisions of this Act shall be provided in conformity with section 504(b)(1) of the Federal Credit Reform Act of 1990.

(k) CLAIMS RELATING TO GUARANTEES.—Claims arising as a result of any guarantee program authorized by this Act may be settled, and disputes arising as the result thereof may be arbitrated with the consent of the parties, on such terms and conditions as the President may direct. Payment made pursuant to any such settlement, or as a result of an arbitration award, shall be final and conclusive notwithstanding any other provision of law.

(l) FINANCIAL TRANSACTIONS WITH FOREIGN GOVERNMENTS IN DEFAULT OF OBLIGATIONS TO THE UNITED STATES.—Section 955 of title 18, United States Code, shall not apply to any person—

(1) who acts for or participates in any operation or transaction arising under this Act; or

(2) who acquires any obligation issued in connection with any operation or transaction arising under this Act.

(m) EDUCATIONAL INSTITUTIONS.—Any cost-type contract or agreement (including grants) entered into with an institution of higher education for the purpose of carrying out programs authorized by this Act may provide for the payment of the reimbursable indirect costs of that institution on the basis of predetermined fixed-percentage rates applied to the total or an element thereof, of the reimbursable direct costs incurred.

(n) PER DIEM.—Funds made available under this Act may be used for payment of per diem in lieu of subsistence to foreign participants engaged in any program under this Act while such participants are away from their homes in countries other than the United States, at rates not in excess of those prescribed by the standardized Government travel regulations, notwithstanding any other provision of law.

(o) MULTIYEAR COMMITMENTS.—Except as otherwise provided in this Act, a contract or agreement which entails commitments for the expenditure of funds under this Act may, subject to any future action of the Congress, extend at any time for not more than 5 years.

(p) PROGRAM AND MANAGEMENT OVERSIGHT.—The Administrator may use funds made available under title I to provide program and management oversight for activities that are funded under that title and that are con-

ducted in countries in which the Agency does not have a field mission or office.

SEC. 11402. AUTHORITY TO CONDUCT REIMBURSABLE PROGRAMS.

(a) GENERAL AUTHORITY.—Whenever the President considers it consistent with and within the limitations of this Act, any Federal agency is authorized to furnish services and articles on an advance-of-funds or reimbursement basis to partner countries, international organizations and arrangements, and nongovernmental organizations.

(b) PERSONAL SERVICE CONTRACTS.—

(1) IN GENERAL.—When any Federal agency provides services on an advance-of-funds or reimbursable basis under this section, such agency may contract with individuals for personal service abroad or in the United States—

(A) to perform such services; or

(B) to replace, in a manner otherwise permitted by law, Federal employees who are assigned by the agency to provide such services.

(2) RULE OF CONSTRUCTION.—Such individuals shall not be regarded as Federal employees for the purpose of any law administered by the Office of Personnel Management.

(c) USE OF PAYMENTS.—Advances and reimbursements received under this section shall be credited to the currently applicable appropriation, account, or fund of the agency concerned and shall be available for the purposes for which such appropriation, account, or fund is authorized to be used.

SEC. 11403. RETENTION OF INTEREST.

(a) GENERAL AUTHORITY.—The Administrator may, for the purpose of carrying out the provisions of title I, enter into agreements with international organizations and with local entities that provide for the retention by such organizations and entities, without deposit in the Treasury of the United States and without further appropriation by Congress, of interest earned on the advance of funds.

(b) USE OF INTEREST.—Any interest earned on the advance of funds made available under subsection (a) shall be used only for the purposes for which the agreement is made.

(c) AUDITS.—The Administrator shall audit, on a regular and recurring basis, interest earned on advance funds to ensure that the requirements of subsection (a) are strictly observed.

(d) LIMITATION.—The authorities of this section may be used only for agreements with a value of $5,000,000 or less.

(e) TRANSPARENCY.—The Administrator shall make publicly available on the Internet website of the Agency information about each agreement made under the authority of this section, including the name of the organization or entity and the amount and the purpose of the agreement.

SEC. 11404. MARKING AND BRANDING OF ECONOMIC AND HUMANITARIAN ASSISTANCE.

(a) REQUIREMENT.—Economic assistance and humanitarian assistance implemented with funds made available to any agency to carry out the purposes of this or any other Act, and to any contractor or grantee thereof, shall be identified as being ''From the American People'' and only as follows:

(1) The site or article, as appropriate, shall not include any reference to a particular Federal agency or division thereof.

(2) The identification of the assistance shall include only a representation of the American flag, and shall not include any logo of a particular Federal agency or division thereof.

(b) RELATIONSHIP TO OTHER PROVISIONS OF LAW AND REGULATIONS.—The provisions of this section shall be applicable notwithstanding any other provision of this or any other Act, and notwithstanding any Federal regulation, agency guidance, or procedure to the contrary.

(c) APPLICABILITY.—The provisions of this section shall be applicable to all—

(1) articles; and

(2) program, project and activity sites.

(d) ONGOING PROGRAMS.—To the extent it is feasible and cost effective to do so, the marking and branding of articles and sites financed pursuant to ongoing agreements, including grants, contracts, and cooperative agreements, shall be conformed to meet the requirements of this section.

(e) EXCEPTIONS.—The requirements of subsection (a) shall not apply—

(1) if the Chief of Mission or the relevant Assistant Secretary of State determines that the marking of a particular program, project, or activity would—

(A) jeopardize the health, safety or human rights of a private partner or intended beneficiary; or

(B) be detrimental to the achievement of overall United States foreign policy objectives in such country;

(2) if the Secretary determines that the marking of economic assistance or humanitarian assistance in such country would be detrimental to the achievement of overall United States foreign policy objectives in such country; or

(3) to office space occupied by the implementing partner, or to housing, personal vehicles or other personal property of employees thereof.

(f) EXEMPTION FROM DETERMINATION.—A determination under subsection (e)(2) shall not preclude the Secretary from requiring that specific articles or sites financed by the United States Government in such country be subject to the requirements of subsection (a).

(g) CO-BRANDING.—The requirements of subsection (a) shall not prohibit the identification of economic assistance or humanitarian assistance provided through a private partner with such partner's own organizational brand or logo, subject to any standards or regulations that the President may establish.

SEC. 11405. REDUCTIONS IN DESIGNATED FUNDS.

(a) DESIGNATED FUNDS DEFINED.—For the purposes of this section, the term ''designated funds'' means

amounts within an account that are authorized or appropriated to be available only for a particular country, organization, or purpose during a specified fiscal period.

(b) PROPORTIONAL REDUCTIONS.—If the amount appropriated for a fiscal period to carry out any provision of this Act (including rescissions and reductions required by law) is less than the amount authorized to be appropriated to carry out such provision, then the President is authorized to make a proportionate reduction in designated funds, notwithstanding the provision of law making such designation.

(c) REPROGRAMMINGS.—Notwithstanding a provision of law providing for designated funds, the President may reprogram such designated funds to other programs within the same account under the same terms and conditions as originally provided, if—

(1) compliance with such provision of law is made impossible by operation of law; or

(2) the President determines that a significant change in circumstances relating to the particular country, organization, or purpose makes it unlikely that the designated funds can be obligated during the original period of availability.

(d) CONGRESSIONAL NOTIFICATION.—A reprogramming pursuant to subsection (c) shall be subject to the regular notification procedures under section 9401.

SEC. 11406. REQUIREMENT FOR AUTHORIZATION OF APPROPRIATIONS.

(a) REQUIREMENT FOR AUTHORIZATION.—Funds appropriated to carry out this Act shall not be available for obligation or expenditure—

(1) unless the appropriation thereof has been specifically authorized by law; or

(2) in excess of the amount authorized by law.

(b) SUBSEQUENT AUTHORIZATIONS.—To the extent that legislation enacted after the making of an appropriation for foreign assistance authorizes the obligation or expenditure thereof, the limitation contained in subsection (a) shall not apply.

(c) RELATION TO OTHER PROVISIONS.—The provisions of this section shall not be superseded except by a provision of law that specifically repeals or modifies the provisions of this section.

SEC. 11407. UNEXPENDED BALANCES.

Unexpended balances of funds made available pursuant to the Foreign Assistance Act of 1961 (as in effect on the day before the date of the enactment of this Act) are authorized to remain available for the general pur-

poses for which appropriated and may be consolidated with appropriations made available for the same general purposes under the authority of this Act.

SEC. 11408. AUTHORITY FOR EXTENDED PERIOD OF AVAILABILITY OF APPROPRIATIONS.

Unless otherwise specified, amounts appropriated to carry out this Act are authorized to remain available until expended.

SEC. 11409. SUPPORT FOR REGIONAL, INTERNATIONAL AND NONGOVERNMENTAL ORGANIZATIONS.

In carrying out the goals and objectives of this Act, the Administrator is authorized to support programs, projects, and activities of, and to provide technical assistance to, regional, international, and nongovernmental organizations.

SEC. 11410. PROTECTION OF PATENTS AND TECHNICAL INFORMATION.

(a) INVENTIONS AND DISCOVERIES.—Whenever, in connection with the furnishing of assistance under this Act—

(1) an invention or discovery covered by a patent issued by the United States Government is practiced within the United States without the authorization of the owner, or

(2) information, which is (A) protected by law, and (B) held by the United States Government subject to restrictions imposed by the owner, is disclosed by the United States Government or any of its officers, employees, or agents in violation of such restrictions,

the exclusive remedy of the owner, except as provided in subsection (b), is to sue the United States Government for reasonable and entire compensation for such practice or disclosure in the district court of the United States for the district in which such owner is a resident, or in the United States Court of Federal Claims within six years after the cause of action arises. Any period during which the United States Government is in possession of a written claim under subsection (b) before mailing a notice of denial of that claim does not count in computing the six years. In any such suit, the United States Government may plead any defense that may be pleaded by a private person in such an action. The last paragraph of section 1498(a) of title 28 of the United States Code shall apply to inventions and information covered by this section.

(b) REMEDY.—Before suit against the United States Government has been instituted, the head of the agency of the United States Government concerned may settle and pay any claim arising under the circumstances de-

scribed in subsection (a). No claim may be paid under this subsection unless the amount tendered is accepted by the claimant in full satisfaction.

(c) PHARMACEUTICAL PRODUCTS.—No assistance under this Act may be made available for the acquisition of any drug product or pharmaceutical product manufactured outside the United States, if the manufacture of such drug product or pharmaceutical product in the United States would involve the use of, or be covered by, an unexpired patent of the United States which has not previously been held invalid by an unappealed or unappealable judgment or decree of a court of competent jurisdiction, unless—

(1) such manufacture is expressly authorized by the owner of such patent; or

(2) the President determines, on a case-by-case basis, that the application of this subsection would significantly reduce the ability of the United States to save lives and alleviate human suffering in a developing country.

SEC. 11411. PRIVATE AND VOLUNTARY ORGANIZATIONS AND COOPERATIVES.

Prohibitions on assistance to countries contained in this or any other Act shall not be construed to prohibit assistance by the Agency in support of programs of private

and voluntary organizations and cooperatives already being supported prior to the date such prohibition becomes applicable, if the President determines, and reports to the appropriate congressional committees within 15 days of making such determination, that continuation of support for such programs is in the national interest of the United States, along with the reasons for such continuation.

CHAPTER 3—PROCUREMENT, DISPOSITION, TRANSPORTATION AND VALUATION OF ARTICLES

SEC. 11501. PROCUREMENT STANDARDS AND PROCEDURES.

(a) LIMITATIONS ON PROCUREMENT OUTSIDE THE UNITED STATES.—Funds made available for assistance under this Act may be used by the President for procurement—

(1) only in the United States, the recipient country, or developing countries; or

(2) in any other country but only if—

(A) the provision of such assistance requires articles or services of a type that are not produced in and available for purchase in any country specified in paragraph (1); or

(B) the President determines that procurement in such other country is necessary—

(i) to meet unforeseen circumstances, such as emergency situations, where it is important to permit procurement in a country not specified in paragraph (1); or

(ii) to promote efficiency in the use of United States foreign assistance resources, including to avoid impairment of foreign assistance objectives.

(b) BULK COMMODITIES.—No funds made available under this Act shall be used for the purchase in bulk of any commodities at prices higher than the market price prevailing in the United States at the time of purchase, adjusted for differences in the cost of transportation to destination, quality, and terms of payment, except to meet unforeseen circumstances, such as emergency situations.

(c) SURPLUS COMMODITIES.—None of the funds made available under this Act shall be used to establish or expand production of any commodity or extraction of any mineral for export by a foreign country if—

(1) the commodity or mineral is likely to be in surplus on world markets at the time the resulting productive or extractive capacity is expected to become operative; and

(2) the assistance will cause substantial injury to United States producers of the same, similar, or competing commodity or mineral.

(d) EXCEPTIONS.—The prohibition contained in subsection (c) shall not apply—

(1) if the President determines that—

(A) the benefits to industry and employment in the United States are likely to outweigh the injury to United States producers of the same, similar, or competing commodity or mineral; or

(B) the foreign country is a low-income country for which production of the commodity or extraction of the mineral would contribute substantially to the reduction of poverty;

(2) to activities in a low-income country that does not export on a consistent basis the commodity or mineral with respect to which assistance is provided; or

(3) to activities in a country which the President determines is recovering from widespread conflict, a humanitarian crisis, or a complex emergency.

(e) NOTIFICATION.—The President shall notify the appropriate congressional committees of a determination

under this section, in accordance with the procedures set forth in section 9401.

(f) LOW-INCOME COUNTRY DEFINED.—In this section, the term ''low-income country'' means a country that is eligible for assistance from the International Development Association but is not eligible for assistance from the International Bank for Reconstruction and Development.

SEC. 11502. LOCAL PROCUREMENT.

(a) LIMITED COMPETITION.—The Administrator is authorized, using funds made available under title I, to award contracts and other instruments in which competition is limited to local entities.

(b) AMOUNT OF AWARDS.—The authority provided in subsection (a) may not be used to make awards in excess of $5,000,000.

(c) PROCUREMENTS.—The requirements of section 11501 and similar provisions of law relating to the procurement of goods and services shall not apply to procurements made under agreements entered into under the authority of this section.

SEC. 11503. UNITED STATES COMPETITIVENESS.

In order to ensure maximum competition for contracts receiving funding under this Act, the President shall establish procedures to ensure that—

(1) all solicitations under this Act for contracts over $5,000,000, regardless of the location where the contract is to be performed, are made publicly available on a single, centralized Internet website;

(2) in countries with nonconvertible or highly unstable currencies—

(A) solicitations may be bid in United States dollars; and

(B) contracts awarded to United States firms may be paid in United States dollars;

(3) United States diplomatic and consular posts assist United States firms in obtaining local licenses and permits; and

(4) United States firms are not disadvantaged during the solicitation and bid evaluation process.

SEC. 11504. SMALL BUSINESS.

(a) IN GENERAL.—Insofar as practicable and to the maximum extent consistent with the accomplishment of the purposes of this Act, the President shall assist United States small business to participate equitably in the provision of commodities, articles, and services (including defense articles and defense services) financed with funds made available under this Act—

(1) by causing to be made available to suppliers in the United States, and particularly to small inde-

pendent enterprises, information, as far in advance as possible, with respect to purchases proposed to be financed with such funds;

(2) by causing to be made available to prospective purchasers in partner countries information as to such commodities, articles, and services produced by small independent enterprises in the United States; and

(3) by providing for additional services to give small business better opportunities to participate in the provision of such commodities, articles, and services financed with such funds.

(b) OFFICE OF SMALL AND DISADVANTAGED BUSINESS UTILIZATION.—There shall be an Office of Small and Disadvantaged Business Utilization within the Agency, and similar offices within such other agencies as the President may direct, to assist in carrying out the provisions of subsection (a).

(c) DEPARTMENT OF DEFENSE PURCHASES.—The Secretary of Defense shall ensure that there is made available to suppliers in the United States, and particularly to small independent enterprises, information with respect to purchases made by the Department of Defense pursuant to title IV, such information to be furnished as far in advance as possible.

SEC. 11505. ALLOCATION OR TRANSFER OF FUNDS AND REIMBURSEMENT AMONG AGENCIES.

(a) ALLOCATIONS OR TRANSFERS TO AGENCIES.—The President, or with respect to funds appropriated to any Federal agency, the head of such agency, as the case may be, may allocate or transfer to any Federal agency any funds available for providing assistance under this Act, including any advance to the United States Government by any country or international organization for the procurement of articles or services. Such funds shall be available for obligation and expenditure for the purposes for which authorized, in accordance with the authority pursuant to which they were made available or the authority governing the activities of the agency to which such funds are allocated or transferred.

(b) PROCUREMENT FROM OTHER AGENCIES.—

(1) AUTHORITY.—Any officer of the United States Government carrying out functions under this Act may utilize any facility of, and may procure any article or service from, any Federal agency as the President shall direct, or with the consent of the head of such agency.

(2) SEPARATE ACCOUNT.—Funds allocated pursuant to this subsection to any such agency may be established in separate appropriation accounts on the books of the Treasury of the United States.

(c) REIMBURSEMENT TO AGENCIES.—

(1) IN GENERAL.—In the case of any facility utilized by, or any article or service procured from, any Federal agency to carry out any provision of this Act (except as otherwise specifically provided in this Act), reimbursement or payment shall be made to such agency from funds available to carry out that provision.

(2) AMOUNT OF REIMBURSEMENT.—Such reimbursement or payment shall be at—

(A) replacement cost;

(B) if required by law, actual cost;

(C) in the case of defense articles procured from the Department of Defense, value as defined in section 4412, or, if required by law, actual costs;

(D) in the case of services procured from the Department of Defense, the amount of the additional costs incurred by the Department of Defense in providing such services, or, if required by law, actual costs; or

(E) at any other cost agreed to by the owning or disposing agency.

(3) CREDITING OF REIMBURSEMENT.—The amount of any such reimbursement or payment shall

either be credited to current applicable appropriations, funds, or accounts of such agency, to be available for the same purposes and for the same time period as the appropriation, fund or account to which transferred, or any such credited funds shall remain available for such purposes until expended.

(d) REIMBURSEMENT TO THE DEPARTMENT OF DEFENSE.—Reimbursement or payment to the Department of Defense under subsection (c) shall exclude salaries of members of the United States Armed Forces (other than the Coast Guard) and unfunded estimated costs of civilian retirement and other benefits, unless otherwise required by law.

(e) ESTABLISHMENT OF ACCOUNTS.—

(1) AUTHORITY TO ESTABLISH; USES.—In furnishing assistance under this Act, accounts may be established on the books of any Federal agency or, on terms and conditions approved by the Secretary of the Treasury, in banking institutions in the United States—

(A) against which letters of commitment may be issued which shall constitute recordable obligations of the United States Government, and moneys due or to become due under such letters of commitment shall be assignable under

the last sentence of section 3727(b) and section 3727(c) of title 31, United States Code, and paragraphs (5) and (6) of section 6305(b) of title 41, United States Code; and

(B) from which disbursements may be made to, or withdrawals may be made by, recipient countries or agencies, organizations, or persons upon presentation of contracts, invoices, or other appropriate documentation.

(2) ACCOUNTING FOR EXPENDITURES.—Expenditure of funds that have been made available through accounts established under paragraph (1) shall be accounted for on standard documentation required for expenditure of funds of the United States Government.

(f) RESPONSIBILITY OF AGENCIES.—

(1) IN GENERAL.—The agency to which funds are transferred or allocated pursuant to the authority of subsection (a), or any comparable provision of law, shall be the agency responsible for the management and use of such funds.

(2) AUDIT.—Any agreement for the transfer or allocation of such funds shall expressly provide that the Office of the Inspector General for the agency receiving the transfer or allocation shall perform

1 periodic program and financial audits of the use of
2 those funds. Funds transferred or allocated pursu-
3 ant to subsection (a) may be used for the cost of
4 such audits.

5 **SEC. 11506. RETENTION AND USE OF CERTAIN ITEMS AND**
6 **FUNDS.**

7 (a) RETENTION AND USE OF CERTAIN ARTICLES.—
8 (1) AUTHORITY TO RETAIN, TRANSFER, AND
9 USE.—Any articles procured to carry out this Act
10 shall be retained by, or (upon reimbursement) trans-
11 ferred to and for the use of, such Federal agency as
12 the President deems appropriate in lieu of being dis-
13 posed of to a foreign country or international organi-
14 zation, whenever in the judgment of the President
15 the best interests of the United States will be served
16 thereby.

17 (2) LAWS GOVERNING DISPOSAL OF GOVERN-
18 MENT PROPERTY.—Any articles so retained may be
19 disposed of without regard to provisions of law relat-
20 ing to the disposal of property owned by the United
21 States Government, when necessary to prevent spoil-
22 age or wastage of such articles or to conserve their
23 usefulness.

24 (3) PROCEEDS CREDITED TO APPROPRIA-
25 TIONS.—Funds realized from any disposal or trans-

fer of any articles shall revert to the respective appropriation, fund, or account used to procure such articles or to the appropriation, fund, or account currently available for the same general purpose, and shall remain available until expended.

(b) ARTICLES RECEIVED AS PAYMENT.—Whenever articles are transferred to the United States Government as repayment of assistance under this Act or the Foreign Assistance Act of 1961 (as in effect on the day before the date of the enactment of this Act), such articles may be used in furtherance of the purposes and within the limitations of this Act.

(c) FAILED TRANSACTIONS.—Funds realized as a result of any failure of a transaction financed under this Act to conform to the requirements of this Act, to applicable rules and regulations of the United States Government, or to the terms of any agreement or contract entered into under this Act, shall revert to the respective appropriation, fund, or account used to finance such transaction or to the appropriation, fund, or account currently available for the same general purpose.

(d) DISPOSAL OF DEFENSE ARTICLES.—Funds realized by the United States Government from the sale, transfer, or disposal of defense articles furnished under chapter 2 of part II of the Foreign Assistance Act of 1961

(as in effect on the day before the date of the enactment of this Act), and no longer needed for the purposes for which furnished, shall be credited to the respective appropriation, fund, or account currently available for the same general purpose.

SEC. 11507. FOREIGN AND DOMESTIC EXCESS PROPERTY.

(a) POLICY REGARDING USE OF EXCESS AND OTHER AVAILABLE PROPERTY.—In furnishing assistance under this Act—

(1) excess personal property, or

(2) if a substantial savings would occur, other property already owned by a Federal agency,

may be utilized wherever practicable in lieu of or supplementary to the procurement of new items for United States-assisted projects and programs.

(b) AUTHORITY TO USE CERTAIN PROPERTY FOR ASSISTANCE PURPOSES.—The President is authorized to use funds made available under this Act to acquire—

(1) property classified as domestic or foreign excess pursuant to the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471 and following),

(2) any property available from a Federal agency, or

(3) other property,

for use of such property as assistance in furtherance of the purposes of this Act. Property acquired pursuant to this section may be furnished pursuant to any provision of this Act for which funds are authorized for the furnishing of assistance, and shall be subject to the same conditions and restrictions that apply to funds so authorized.

(c) SEPARATE ACCOUNT.—

(1) IN GENERAL.—The President is authorized for purposes described in subsection (b) to maintain in a separate account funds made available under this Act, free from fiscal year limitations (notwithstanding section 1535(d) of title 31, United States Code) to pay costs (including personnel costs) of acquisition and storage (including in advance of known requirements), renovation and rehabilitation, packing, crating, handling, transportation, and related costs of handling and providing such property as assistance.

(2) REPAYMENT.—The separate account established pursuant to this section may be repaid from funds made available pursuant to any provision of this Act for which funds are authorized for the furnishing of assistance for all costs incurred.

(d) CONDITIONS ON USE OF EXCESS PROPERTY.—

(1) LIMITATION.—Government-owned excess property may not be made available for use under this Act unless approval is given and a determination is made in accordance with paragraph (2)—

(A) before the shipment of such property for use in a specified country; or

(B) if the property is already in such country, before the transfer of the property.

(2) DETERMINATION.—A shipment or transfer subject to paragraph (1) may take place only after the President approves the shipment or transfer and makes a written determination—

(A) that there is a need for such property in the quantity requested and that such property is suitable for the purpose requested;

(B) that the designated end-user has agreed to use and maintain such property effectively, and has the ability to do so; and

(C) that the residual value, serviceability, and appearance of such property would not reflect unfavorably on the image of the United States and would justify the costs of packing, crating, handling, transportation, and other accessorial costs, and that the residual value at least equals the total of these costs.

(e) NONAPPLICABILITY TO DEPARTMENT OF DEFENSE.—This section shall not apply—

(1) with respect to excess defense articles; and

(2) with respect to funds made available for assistance under this Act that is administered through the Department of Defense.

SEC. 11508. OCEAN FREIGHT DIFFERENTIAL.

(a) SHIPPING DIFFERENTIAL.—For purposes of facilitating implementation of section 901(b) of the Merchant Marine Act, 1936 (46 U.S.C. app. 1241(b)), funds made available for the purposes of this Act may be used to pay for all or any portion of the differential between United States and foreign-flag vessel charter or freight rates.

(b) DETERMINATIONS.—The amount of the differential between United States and foreign-flag vessel charter or freight rates shall be determined by the Secretary of Transportation, or in the case of food assistance, by the Secretary of Transportation in consultation with the Secretary of Agriculture and the Administrator.

(c) USE OF FOREIGN CURRENCIES.—Payments under this section shall be made in United States-owned foreign currencies wherever feasible.

(d) CERTAIN LAWS NOT APPLICABLE.—The ocean transportation between foreign countries of commodities

purchased with foreign currencies made available or derived from funds made available under this Act or the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 and following), or any predecessor Acts, and transfers of fresh fruit and fresh fruit products under this Act, shall not be governed by section 901(b) of the Merchant Marine Act, 1936 (46 U.S.C. app. 1241(b)), or any other law relating to the ocean transportation of commodities on United States flag vessels.

SEC. 11509. USE OF AIRCRAFT FOR ADDITIONAL PURPOSES.

(a) TRANSFER AUTHORITY.—

(1) IN GENERAL.—Aircraft procured for narcotics control purposes with funds made available under this Act, the Foreign Assistance Act of 1961 (as in effect on the day before the date of the enactment of this Act), or any Act making appropriations for the Department of State, foreign operations, and related programs, may be used for any other program, country or region, including for the transportation of Civilian Response Corps personnel and equipment during a deployment.

(2) RULE OF CONSTRUCTION.—The authority of paragraph (1) may be exercised notwithstanding section 5207 or any other provision of law pre-

cluding the use of aircraft described in paragraph (1).

(b) DETERMINATION REQUIRED.—The authority provided in subsection (a) may be exercised only if the Secretary determines that—

(1) the such aircraft is no longer required to meet programmatic purposes in the originally designated program, country, or region, or

(2) there is an emergency need for such aircraft in another program, country or region.

(c) NOTIFICATION.—The appropriate congressional committees shall be notified—

(1) of a determination under subsection (b); and

(2) prior to a transfer under subsection (a).

(d) AIRCRAFT COORDINATION AND USE.—

(1) IN GENERAL.—Aircraft purchased or leased by the Department of State or the United States Agency for International Development under this Act, the Foreign Assistance Act of 1961 (as in effect on the day before the date of the enactment of this Act), or any Act making appropriations for the Department of State, foreign operations, and related programs shall be—

(A) coordinated by the relevant Chief of Mission;

(B) made available for the transportation of personnel supporting the programs and activities of the Department of State or the United States Agency for International Development, as the case may be; and

(C) made available for official travel for other agencies for other purposes on a reimbursable basis, or without reimbursement when traveling on a space-available basis.

(2) RULE OF CONSTRUCTION.—The authority of paragraph (1) may be exercised notwithstanding section 5207 or any other provision of law precluding the use of aircraft described in paragraph (1).

SEC. 11510. STREAMLINING AND REVIEW OF PROCUREMENT PROCESS.

(a) STREAMLINING PROCEDURES.—To streamline the process for making awards, the Administrator should—

(1) create simplified solicitations, structured scopes of work, standardized proposals and assistance templates, and joint funding models under

which multiple offices and agencies can fund integrated programs;

(2) consider pre-qualification short-lists to reduce award time;

(3) improve training for contracting and procurement personnel;

(4) increase transparency on anticipated activities;

(5) improve consultation with the public and with private partners; and

(6) establish an office to advocate on behalf of small nongovernmental organizations.

(b) ACQUISITIONS AND ASSISTANCE.—To ensure the appropriate balance and use of acquisitions and assistance instruments, the Administrator shall—

(1) issue a policy and guidelines regarding the use and application of each type of instrument, including the responsibility of personnel of the Agency with respect to the administration of each type of instrument;

(2) make such guidelines public;

(3) ensure that Agency personnel receive adequate training on the use and application of each type of instrument; and

(4) review and update, as necessary, such policy and guidelines in light of recommendations received by the committee established under subsection (c).

(c) OPERATIONAL ISSUES REVIEW COMMITTEE.—The Administrator should convene an Advisory Committee, pursuant to the Federal Advisory Committee Act, to—

(1) assist in updating Agency procedures and regulations to improve speed, transparency, and relevance;

(2) review the procedures, policy and guidelines developed under subsections (a) and (b); and

(3) provide advice and guidance on other operational issues, as appropriate.

(d) HARMONIZATION OF PROCUREMENT RULES.—The Administrator shall convene a working group, incorporating representatives of all Federal agencies carrying out activities under title I, to harmonize rules, regulations, policies and practices regarding procurement.

(e) RULEMAKING PROCEDURES.—The Administrator shall apply the same rulemaking procedures to policies regarding assistance instruments as are applied to policies regarding acquisition instruments, and shall ensure that all such procedures are carried out in compliance with section 533 of title 5, United States Code.

SEC. 11511. OVERSEAS PROCUREMENT FLEXIBILITY.

Section 3 of the State Department Basic Authorities Act of 1956 (22 U.S.C. 2670) is amended by—

(1) in subsection (l), by striking ''and'' at the end;

(2) in subsection (m), by striking the period at the end and inserting ''; and''; and

(3) by adding at the end the following new subsection:

''(n) make and carry out contracts for procurement outside the United States of goods or services needed for the operation of United States diplomatic and consular posts and related facilities outside the United States, provided that—

''(1) laws of the United States relating to the negotiation, making, contents or performance of government contracts for goods or services, and advance payments and indemnification in relation to such contracts shall apply with respect to such contracts except to the extent that the Secretary determines (other than for purposes of chapter 21 of title 41, United States Code) that the Secretary could not reasonably meet the need of a post or facility for such goods and services by use of authority available to the Secretary under a law under this subsection;

''(2) the Secretary shall—

"(A) issue guidance addressing use of this authority; and

"(B) require written approval to waive specific laws or procurement regulations under this authority by the Procurement Executive (without further delegation); and

"(3) no individual contract action entered into under this authority shall exceed $2,000,000 unless approved in writing by the Chief Acquisition Officer of the Department (without further delegation).".

SEC. 11512. LOCAL GUARD CONTRACTS ABROAD.

Section 136(c)(3) of the Foreign Relations Authorization Act, Fiscal Years 1990 and 1991 (22 U.S.C. 4864(c)(3)) is amended to read as follows:

"(3) in evaluating proposals for such contracts, award contracts to technically acceptable firms offering the lowest evaluated price, except that—

"(A) the Secretary may grant authorization to award contracts on the basis of best value as determined by a cost-technical tradeoff analysis; and

"(B) proposals received from United States persons and qualified United States joint venture persons (as defined in subsection (d) of

this section) shall be evaluated by reducing the bid price by 10 percent.''.

SEC. 11513. AUTHORITY TO PAY TRANSPORTATION COSTS.

(a) IN GENERAL.—In order to further the efficient use of United States voluntary contributions for alleviating human suffering, the Administrator is authorized to use funds made available for the purposes of title I to pay transportation charges on shipments of humanitarian goods by United States private and voluntary organizations.

(b) REIMBURSEMENTS.—Reimbursement under this section may be provided for transportation charges on shipments from United States ports, or in the case of excess or surplus property supplied by the United States from foreign ports, to ports of entry abroad or to points of entry abroad in cases—

(1) of landlocked countries;

(2) where ports cannot be used effectively because of natural or other disturbances;

(3) where carriers to a specified country are unavailable; or

(4) where a substantial savings in costs or time can be effected by the utilization of points of entry other than ports.

(c) DEFRAYING TRANSPORTATION COSTS.—Where practicable, the President shall make arrangements with the receiving country for free entry of such shipments and for the making available by the country of local currencies for the purpose of defraying the transportation costs of such shipments from the port or point of entry of the receiving country to the designated shipping point of the consignee.

CHAPTER 4—USE OF FOREIGN CURRENCIES

SEC. 11601. SEPARATE ACCOUNTS FOR LOCAL CURRENCIES.

(a) IN GENERAL.—The Administrator shall require that any local currencies generated as a result of agreements with a foreign government regarding the use of economic assistance or development assistance are deposited in a separate account established by that government.

(b) AGREEMENTS.—A separate account under subsection (a) shall be established pursuant to an agreement between the United States Agency for International Development and the foreign government which sets forth—

(1) the amount of the local currencies to be generated;

(2) the terms and conditions under which the currencies so deposited may be utilized, consistent with this section; and

(3) the responsibilities of the Agency and the foreign government to monitor and account for deposits into and disbursements from the separate account.

(c) USES OF LOCAL CURRENCIES.—Local currencies deposited in a separate account pursuant to subsection (a), or an equivalent amount of local currencies, shall be used only—

(1) to further the goals and objectives of title I; or

(2) for the administrative requirements of the United States Government.

(d) TERMINATION OF ASSISTANCE PROGRAMS.—Upon termination of economic assistance to a country, any unencumbered balances of funds which remain in a separate account established pursuant to subsection (a) shall be disposed of for such purposes as may be agreed to by the government of that country and the United States Government.

(e) REPORTING REQUIREMENT.—The Administrator shall include in the annual congressional budget justification documents submitted pursuant to section 9302 a re-

port on the amounts and uses of local currency (and United States dollar equivalent) in each applicable country.

SEC. 11602. USE OF CERTAIN FOREIGN CURRENCIES.

(a) AUTHORITY TO USE FOREIGN CURRENCIES FOR ASSISTANCE PROGRAMS.—Except as otherwise provided in this Act or other provisions of law, foreign currencies described in subsection (b) that are owned by the United States Government are authorized to be appropriated for use in providing assistance under this Act.

(b) FOREIGN CURRENCIES THAT MAY BE USED FOR ASSISTANCE.—The foreign currencies that may be used under subsection (a) are any foreign currencies received as a result of the furnishing of assistance under this Act (or any predecessor Acts authorizing non-military assistance), other than assistance administered through the Department of Defense, that are in excess of—

(1) the amounts reserved under authority of section 105(d) of the Mutual Educational and Cultural Exchange Act of 1961 or any other Act relating to educational and cultural exchanges; and

(2) the amounts required for payment by the agencies of the United States Government of their obligations outside the United States, as such re-

quirements may be established from time to time by the President.

(c) PAYMENT OF OBLIGATIONS OF GOVERNMENT AGENCIES.—Foreign currencies described in subsection (b) that are in excess of the amounts described in paragraph (1) of that subsection may be sold by the Secretary of the Treasury to agencies of the United States Government for payment of their obligations outside the United States.

(d) USE OF FOREIGN CURRENCIES NOT OWNED BY THE UNITED STATES GOVERNMENT.—With the concurrence of the relevant inspector general, the use of foreign currencies that accrue or are otherwise available as a result of assistance provided under this Act (including predecessor Acts) that are not owned by the United States Government, shall be the responsibility of the government owning such currencies to audit.

SEC. 11603. ACCOUNTING AND VALUATION OF FOREIGN CURRENCIES.

(a) RESPONSIBILITY OF SECRETARY OF THE TREASURY.—Under the direction of the President, the Secretary of the Treasury shall have responsibility for valuation and central accounting with respect to foreign credits (including currencies) owed to or owned by the United States. In order to carry out such responsibility, the Secretary

shall issue regulations binding upon all agencies of the United States Government.

(b) SOLE AUTHORITY.—The Secretary of the Treasury shall have sole authority to establish for all foreign currencies or credits the exchange rates at which such currencies are to be reported by all agencies of the Government.

Subtitle C—Human Resources

CHAPTER 1—PERSONNEL AND BENEFITS

SEC. 11701. EMPLOYMENT OF PERSONNEL.

(a) AUTHORITY.—Any Federal agency or Federal officer carrying out functions under this Act is authorized to employ such Federal personnel as the President deems necessary to carry out the provisions and purposes of this Act.

(b) ASSISTANCE FUNCTIONS IN THE UNITED STATES.—

(1) APPOINTMENTS AND REMOVAL WITHOUT REGARD TO CERTAIN CIVIL SERVICE LAWS.—Not more than 110 employees of the United States Agency for International Development in the United States may be appointed or removed without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and may be compensated without regard to the provi-

sions of chapter 51 or subchapter III of chapter 53 of such title, subject to paragraph (2) of this subsection.

(2) COMPENSATION.—Of the employees appointed under paragraph (1), 51 may be compensated at rates higher than those payable for GS–15 of the General Schedule under section 5332 of title 5, United States Code, but not in excess of the highest rate payable under section 5376 of such title.

(3) REINSTATEMENT RIGHTS.—Under such regulations as the President may prescribe, any individual employed under paragraph (1) may be entitled, upon removal (except for cause) from the position to which the appointment was made, to reinstatement to the position occupied by that individual at the time of appointment or to a position of comparable grade and pay.

(c) DEPARTMENT OF DEFENSE FUNCTIONS IN THE UNITED STATES.—Of the personnel employed in the United States by the Department of Defense to carry out this Act not to exceed 8 may be compensated at rates higher than those payable for GS–15 of the General Schedule under section 5332 of title 5, United States Code, but not in excess of the highest rate payable under

section 5376 of such title. Such positions shall be in addition to those authorized by law to be filled by Presidential appointment, and in addition to the number authorized by section 5108 of title 5, United States Code.

(d) PERFORMANCE OF FUNCTIONS OUTSIDE THE UNITED STATES.—

(1) AUTHORITY TO EMPLOY OR ASSIGN.—For the purpose of performing functions under this Act outside the United States, the President may—

(A) employ or assign individuals; or

(B) authorize the employment or assignment of Federal employees that are not authorized to utilize the Foreign Service personnel system.

(2) COMPENSATION.—Individuals employed or assigned under paragraph (1) shall receive compensation at any of the rates provided for under section 402 or section 403 of the Foreign Service Act of 1980, or under chapter 53 of title 5, United States Code, or at any other rate authorized by law, together with allowances and benefits under the Foreign Service Act of 1980.

(3) REEMPLOYMENT RIGHTS.—Individuals so employed or assigned shall be entitled to the same benefits as are provided by section 310 of the For-

eign Service Act of 1980 for individuals appointed to the Foreign Service, except to the extent that the President may specify otherwise in cases in which the period of employment or assignment exceeds 30 months.

SEC. 11702. EXPERTS AND CONSULTANTS.

(a) AUTHORITY TO EMPLOY.—Experts and consultants or organizations thereof may, in accordance with section 3109 of title 5, United States Code, be employed for the performance of functions under this Act.

(b) RATES OF COMPENSATION.—Individuals employed under the authority of subsection (a) may be compensated at rates not in excess of the daily equivalent of the highest rate payable under section 5332 of title 5, United States Code, and while away from their homes or regular places of business, they may be paid actual travel expenses and per diem in lieu of subsistence at rates not in excess of those prescribed by the standardized Government travel regulations.

(c) MANDATORY RETIREMENT AGE NOT APPLICABLE.—The service of an individual as an expert or consultant under subsection (a) shall not be considered to be employment or holding of office or position for purposes of applying the provisions of section 3323(a) of title 5, United States Code, to the individual.

(d) EMPLOYMENT OF CERTAIN PERSONS WITHOUT COMPENSATION.—Persons of outstanding experience and ability may be employed without compensation by any Federal agency for the performance of functions under this Act in accordance with the provisions of section 710(b) of the Defense Production Act of 1950 (50 U.S.C. App. 2160(b)), and regulations issued thereunder.

SEC. 11703. PROHIBITION OF DISCRIMINATION AGAINST FEDERAL PERSONNEL.

(a) ASSIGNMENT OF PERSONNEL.—

(1) IN GENERAL.—The President shall not take into account, in assigning Federal personnel to carry out the provisions of this Act, the individual's race, sex, religion, national origin, sexual orientation, or gender identity. Such assignments shall be made solely on the basis of ability and relevant experience.

(2) PROHIBITION ON CONSIDERATION OF EXCLUSIONARY POLICIES OR PRACTICES.—No agency performing functions under this Act shall, in employing or assigning Federal personnel to participate in the performance of any such function, whether in the United States or abroad, take into account the exclusionary policies or practices of any foreign government where such policies or practices are based

upon race, sex, religion, national origin, sexual orientation or gender identity.

(3) CONTRACTS.—Each contract entered into by any such agency for the performance of any function under this Act shall contain a provision to the effect that no person, partnership, corporation, or other entity performing functions pursuant to such contract, shall, in employing or assigning personnel to participate in the performance of any such function, whether in the United States or abroad, take into account the exclusionary policies or practices of any foreign government where such policies or practices are based upon race, sex, religion, national origin, sexual orientation, or gender identity.

(b) EXCLUSION BY FOREIGN COUNTRIES.—Except as provided in subsection (c), no assistance may be provided under this Act to any government or organization that excludes, as a matter of law, regulation, policy or practice, any United States person (as defined in section 7701(a)(30) of the Internal Revenue Code of 1986) from participating in the furnishing of assistance under this Act on the basis of sex, race, religion, national origin, sexual orientation or gender identity.

(c) EXCEPTION.—The President may provide assistance notwithstanding the prohibition in subsection (b) if the President—

(1) determines that, notwithstanding such exclusion,—

(A) extraordinary circumstances exist which necessitate the provision of such assistance; and

(B) it is in the national interest of the United States to provide such assistance; and

(2) transmits to the appropriate congressional committees, prior to providing such assistance, a report detailing—

(A) the facts and circumstances of such exclusion;

(B) the response thereto on the part of the United States Government or any agency or personnel thereof;

(C) the result of such response, if any;

(D) the extraordinary circumstances which necessitate the provision of such assistance; and

(E) the nature and amount of the assistance to be provided notwithstanding such exclusion.

SEC. 11704. FOREIGN SERVICE LIMITED APPOINTMENTS.

(a) AUTHORITY TO HIRE AND EMPLOY.—The Administrator is authorized to hire and employ up to 200 individuals in the United States and overseas on a limited appointment basis pursuant to the authority of sections 308 and 309 of the Foreign Service Act of 1980.

(b) CONDITIONS.—The authority of subsection (a) may only be used to the extent that an equivalent number of positions that are filled by personal services contractors or other nondirect hire personnel of the United States Agency for International Development are eliminated.

(c) PRIORITY SECTORS.—In exercising the authority of this section, primary emphasis shall be placed on enabling the United States Agency for International Development to meet personnel needs in technical skill areas currently encumbered by personal services contractors or other non-direct hire personnel.

(d) EXTENSIONS.—Individuals hired and employed by the United States Agency for International Development pursuant to the authority of section 309 of the Foreign Service Act of 1980 may be extended for a period of up to 4 years notwithstanding the limitation set forth in such section.

SEC. 11705. TECHNICAL ADVISORS.

The Administrator is authorized to use funds made available to carry out title I to reimburse Federal agencies,

agencies of State governments, institutions of higher education, and private and voluntary organizations for the full cost of individuals (including for the personal services of such individuals) detailed or assigned to, or contracted by, as the case may be, the United States Agency for International Development for the purpose of carrying out this Act.

SEC. 11706. PERSONAL SERVICES CONTRACTORS FOR USAID.

(a) EMPLOYMENT OUTSIDE THE UNITED STATES.—The Administrator is authorized to employ personal services contractors outside the United States to carry out the purposes of this Act.

(b) EMPLOYMENT IN THE UNITED STATES.—The Administrator is authorized to employ up to 40 personal services contractors in the United States, notwithstanding any other provision of law, for the purpose of providing direct, interim support for new or expanded overseas programs and activities managed by the United States Agency for International Development until permanent direct hire personnel are hired and trained.

(c) CONSIDERED AS OPERATING EXPENSES.—The salaries and expenses of individuals hired under the authority of subsection (b) shall be considered as operating expenses of the United States Agency for International

Development and subject to the limitations of section 11301, except that the Administrator may use funds made available to carry out title II of the Agricultural Trade Development and Assistance Act of 1954 for personal services contractors assigned to the Office of Food for Peace.

(d) NOT REGARDED AS FEDERAL EMPLOYEES.—Individuals hired under the authority of this section shall not be regarded as Federal employees for the purpose of any law administered by the Office of Personnel Management.

SEC. 11707. PERSONAL SERVICES CONTRACTORS FOR THE DEPARTMENT OF STATE.

(a) IN GENERAL.—In addition to other authorities that may be available, the Secretary of State may establish a pilot program (in this section referred to as the ''program'') for the purpose of hiring United States citizens or aliens as personal services contractors, for service in the United States, or for service both in the United States and abroad, to respond to new or emerging needs or to augment current services.

(b) CONDITIONS.—The Secretary is authorized to use the authority of subsection (a), subject to the following conditions:

(1) The Secretary determines that existing personnel resources are insufficient.

(2) The contract length, including options, may not exceed 2 years, unless the Secretary makes a finding that exceptional circumstances justify an extension of up to one additional year.

(3) Not more than a total of 200 United States citizens or aliens are employed at any one time as personal services contractors under this section.

(4) This authority may only be used to obtain specialized skills or experience or to respond to urgent needs.

(c) STATUS OF PERSONAL SERVICE CONTRACTORS.—

(1) IN GENERAL.—An individual hired as a personal service contractor pursuant to this section shall not, by virtue of such hiring, be considered to be an employee of the United States Government for purposes of any law administered by the Office of Personnel Management.

(2) APPLICABLE LAWS.—An individual hired as a personal service contractor pursuant to this section shall be covered, in the same manner as a similarly situated employee, by—

(A) the Ethics in Government Act of 1978;

(B) chapter 21 of title 41, United States Code; and

(C) chapter 73 of title 5, sections 201, 203, 205, 207, 208, and 209 of title 18, and section 1346 and chapter 171 of title 28, United States Code.

(3) EXCEPTION.—This subsection shall not affect the determination as to whether an individual hired as a personal service contractor pursuant to this section is an employee of the United States Government for purposes of any Federal law not specified in paragraphs (1) and (2).

(d) TERMINATION OF AUTHORITY.—The authority to award personal services contracts under the program authorized by this section shall terminate on September 30, 2014. A contract entered into prior to the termination date under this subsection may remain in effect until expiration.

SEC. 11708. HIRING AUTHORITY OF INSPECTOR GENERAL OF THE UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT.

(a) IN GENERAL.—Subject to the requirements and limitations of this section, the Inspector General of the United States Agency for International Development is

1 authorized to employ personal services contractors outside
2 the United States.

3 (b) NUMBER.—The number of contractors hired
4 under the authority of subsection (a) may not exceed 5
5 percent of the total authorized workforce of the Office of
6 the Inspector General.

7 (c) CONTRACT LENGTH.—A contractor hired under
8 the authority of subsection (a) shall have a contract period
9 of not longer than 2 years, unless the Inspector General
10 determines, on a case-by-case basis, that exceptional cir-
11 cumstances justify the extension of a contract for up to
12 1 additional year.

13 (d) CERTIFICATION.—The authority provided in sub-
14 section (a) may be exercised only if the Inspector General
15 determines that it is impractical to recruit a sufficient
16 number of direct-hire employees to perform necessary
17 overseas work, and reports such determination to the ap-
18 propriate congressional committees, along with the rea-
19 sons such recruitment is impractical.

20 (e) STATUS OF EMPLOYMENT.—Individuals employed
21 under the authority of this section shall not be considered
22 Federal employees for purposes of the Foreign Service Act
23 of 1980 or any law administered by the Office of Per-
24 sonnel Management.

SEC. 11709. PUBLIC AVAILABILITY OF CONSULTING CONTRACTS.

Any contract for consulting services issued with funds made available under this Act shall be a matter of public record and subject to public inspection, unless otherwise specifically provided under law.

SEC. 11710. SENIOR FOREIGN SERVICE REQUIREMENT.

Section 305 of the Foreign Service Act of 1980 (22 U.S.C. 3945) is amended by adding at the end the following:

''(e) REQUIREMENT.—Beginning 3 years from the date of enactment of this subsection, a Foreign Service Officer may not be promoted into the Senior Foreign Service of the Department of State or the United States Agency for International Development without having served at least one domestic rotation in a bureau or office that does not have a regional jurisdiction.''.

SEC. 11711. PAY PARITY FOR CRIMINAL INVESTIGATORS.

Section 5541(2)(C)(xiv) of title 5, United State Code, is amended to read as follows:

''(xiv) a Foreign Service officer, except that a Foreign Service officer serving as a criminal investigator in the Office of the Inspector General of the United States Agency for International Development shall be eligible for and receive availability

pay on the same terms as a criminal investigator under section 5545a.''.

CHAPTER 2—DETAILS, FELLOWSHIPS, AND EXCHANGES

SEC. 11801. DETAILS TO FOREIGN GOVERNMENTS AND INTERNATIONAL ORGANIZATIONS.

(a) DETAILS TO FOREIGN GOVERNMENTS.—When consistent with and in furtherance of the purposes of this Act, the head of any Federal agency is authorized to detail any Federal employee of that agency to any office or position with any foreign government or foreign government agency, where acceptance of such office or position does not involve the taking of an oath of allegiance to another government or acceptance of compensation or other benefits from any foreign country by such employee.

(b) DETAILS TO INTERNATIONAL ORGANIZATIONS.—When consistent with and in furtherance of the purposes of this Act, the head of any Federal agency is authorized to detail to any international organization or arrangement, any Federal employee of that agency to serve with, or as a member of, the international staff of such organization, or to render any technical, scientific, or professional advice or service to, or in cooperation with, such organization.

(c) STATUS OF FEDERAL EMPLOYEES DETAILED.—

(1) RETENTION OF BENEFITS.—Any Federal employee, while detailed under this section—

(A) shall be considered a Federal employee and of the Federal agency from which detailed for the purpose of preserving his or her allowances, privileges, rights, seniority, and other benefits as such; and

(B) shall continue to receive compensation, allowances, and benefits from funds appropriated to that agency or made available to that agency under this Act, or may be detailed on a leave without pay status.

(2) ALLOWANCES.—Any Federal employee assigned, detailed, or appointed under this section, section 11203(b), section 11204 or section 11702, may receive (under such regulations as the President may prescribe) representation allowances similar to those allowed under section 905 of the Foreign Service Act of 1980. The authorization of such allowances and other benefits and the payment thereof out of any appropriations available therefor shall be considered as meeting all the requirements of section 5536 of title 5, United States Code.

(d) TERMS OF DETAIL.—Details may be made under this section or section 408 of the Mutual Security Act of 1954 in accordance with any of the following:

(1) Without reimbursement to the United States Government by the foreign government or international organization.

(2) Upon agreement by the foreign government or international organization to reimburse the United States Government for compensation, travel expenses, benefits, and allowances, or any part thereof, payable to the Federal employee concerned during the period of detail. Such reimbursements (including foreign currencies) shall be credited to the appropriation, fund, or account utilized for paying such compensation, travel expenses, benefits, or allowances, or to the appropriation, fund, or account currently available for such purposes.

(3) Upon an advance of funds, property, or services by the foreign government or international organization to the United States Government accepted with the approval of the President for specified uses in furtherance of the purposes of this Act. Funds so advanced may be established as a separate fund in the Treasury of the United States Government, to be available for the specified uses, and to

be used for reimbursement of appropriations or direct expenditure subject to the provisions of this Act. Any unexpended balance of such account shall be returned to the foreign government or international organization.

(4) Subject to the receipt by the United States Government of a credit to be applied against the payment by the United States Government of its share of the expenses of the international organization to which the Federal employee is detailed, such credit to be based upon the compensation, travel expenses, benefits and allowances, or any part thereof, payable to such employee during the period of detail in accordance with subsection (c).

SEC. 11802. DETAILS TO UNITED STATES GOVERNMENT AGENCIES.

(a) AUTHORITY TO DETAIL.—The head of any Federal agency is authorized to detail Federal employees of that agency (hereinafter known as the ''detailing agency'') to any office or position in any other Federal agency (hereinafter known as the ''receiving agency''), for the purposes set out in subsection (b).

(b) PURPOSES OF DETAIL.—A detail under subsection (a) is authorized for the purposes of—

(1) improving cooperation and collaboration between the detailing agency and receiving agency,

(2) rendering any technical, scientific, or professional advice or service to the receiving agency, or

(3) providing training and professional development to employees of the detailing agency,

when such detail is consistent with and in furtherance of the purposes of this Act.

(c) CONGRESSIONAL DETAIL.—The Secretary and the Administrator are each authorized to detail up to 5 employees of the Department of State and the United States Agency for International Development, respectively, each fiscal year to individual members and committees of Congress, notwithstanding the requirement for reimbursement in subsection (d). Such detailees shall be known as ''Congressional Fellows''.

(d) REQUIREMENT FOR REIMBURSEMENT.—The receiving agency shall reimburse the detailing agency for the salary and allowances of each Federal employee for the period of the detail, unless—

(1) the detail is for a period of less than two years;

(2) a substantially equivalent number of Federal employees are detailed to and from each agency in a fiscal year; or

(3) not more than 15 Federal employees are detailed from a single agency in a fiscal year.

(e) PERSONNEL LIMITATIONS.—Personnel detailed under this section shall not be counted for purposes of any limitation established by the Office of Management and Budget on the maximum number of personnel allowable for the detailing agency.

(f) WAIVER.—The Secretary and the Administrator are authorized to waive the requirement for reimbursement in subsection (d) for the detail of an employee of the Department of State or the Agency, respectively, for a period of up to 5 years if the receiving agency is the National Security Council.

(g) DETAIL DEFINED.—In this section, the term ''detail'' means to detail, assign, or otherwise make available an employee to another agency, office, or organization.

SEC. 11803. SCIENCE AND TECHNOLOGY FELLOWSHIP PROGRAMS.

Section 504 of the Foreign Relations Authorization Act, Fiscal Year 1979 (22 U.S.C. 2656d) is amended by adding at the end the following:

''(e)(1) The Secretary is authorized to make grants or enter into cooperative agreements related to Department of State science and technology fellowship programs, including for assistance in recruiting fellows and the pay-

ment of stipends, travel, and other appropriate expenses to fellows.

"(2) Payment of stipends under the authority of paragraph (1) shall not be considered to be compensation for purposes of section 209 of title 18, United States Code.

"(3) The total amount of grants made under the authority of paragraph (1) may not exceed $1,000,000 in any fiscal year.".

SEC. 11804. FOREIGN RELATIONS EXCHANGE PROGRAMS.

(a) IN GENERAL.—The Secretary may establish exchange programs under which employees of the Department of State, including individuals appointed under title 5, United States Code, and members of the Foreign Service, may be assigned, for a period not to exceed 1 year, to a position with any foreign government or international entity that permits an employee of the foreign government or international entity, as the case may be, to be assigned to a position with the Department of State.

(b) DEPARTMENT OF STATE EMPLOYEES.—During a period in which an employee of the Department of State is participating in an exchange program authorized under subsection (a), such employee shall, for the purposes of receiving salary and benefits, be treated as an employee detailed under section 11801.

(c) FOREIGN EMPLOYEES.—The salary and benefits of an employee of a foreign government or international entity participating in a program established under this section shall be paid by such government or entity during the period in which such employee is participating in the program, and shall not be reimbursed by the Department of State.

(d) RULE OF CONSTRUCTION.—Nothing in this section shall be construed to authorize the appointment as a Federal employee of—

(1) an individual whose allegiance is to any country, government, or foreign or international entity other than the United States; or

(2) an individual who has not met the requirements of sections 3331, 3332, 3333, and 7311 of title 5, United States Code, or any other provision of law concerning eligibility for appointment, and continuation of employment, as a Federal employee.

SEC. 11805. GUIDELINES FOR ROTATIONAL ASSIGNMENTS.

(a) CAREER GUIDELINES.—The Administrator shall establish career guidelines for Foreign Service officers and civil service officers that incorporate interagency, intergovernmental, or international organization rotational assignments. The guidelines established under this subsection shall include—

(1) selection;

(2) professional education and training;

(3) types of relevant interagency, intergovernmental, and international organization assignments; and

(4) such other matters as the Administrator considers appropriate.

(b) PROMOTIONS TO SENIOR RANKS.—Not later than 2 years after the date of the enactment of this Act, the Administrator shall establish additional guidelines that consider participation by relevant employees in at least 1 interagency, intergovernmental, or international organizational rotational assignment of at least 6 months as a factor for promotion into the ranks of the Senior Foreign Service or Senior Executive Service.

(c) PROMOTION PRECEPTS.—The Administrator shall ensure that promotion precepts and promotion panels do not penalize employees who have been assigned to interagency, intergovernmental, or international organizations.

CHAPTER 3—TRAINING AND PROFESSIONAL DEVELOPMENT

SEC. 11901. TRAINING OF FEDERAL PERSONNEL.

(a) AUTHORITY TO CONDUCT TRAINING.—The head of each Federal agency carrying out activities under this

Act is authorized to use funds made available under this Act to pay the costs, in accordance with subsection (b), of providing training for Federal personnel, through interchange or otherwise, at any State or local unit of government, public or private nonprofit institution, trade, labor, agricultural, or scientific association or organization, or commercial firm.

(b) PAYMENT OF COSTS.—Training costs shall be paid—

(1) from funds made available to the employing agency;

(2) for individuals performing functions within the United States, from funds available for administrative expenses; and

(3) for individuals performing functions outside the United States, from funds available for the program, project, or activity being carried out by such individual.

(c) LIMITATION ON DUAL EMPLOYMENT.—Training under this section shall not be considered employment or holding of office under section 5533 of title 5, United States Code.

(d) ACCEPTANCE OF CERTAIN PAYMENTS.—Any payments or contributions in connection with training under this section may, as deemed appropriate by the head

of the Federal agency authorizing such training, be made by private or public sources and be accepted by any trainee, or may be accepted by and credited to the current applicable appropriation of such agency. Any such payments or contributions shall be in lieu, or in reduction, of compensation received from the United States Government.

SEC. 11902. CAREER DEVELOPMENT.

(a) COMPREHENSIVE PROGRAM.—The Secretary and the Administrator shall implement and maintain a comprehensive career-long program of professional training for the personnel of the Department of State and the United States Agency for International Development, respectively.

(b) PARTICIPATION LEVELS.—The Secretary and the Administrator shall ensure that in each fiscal year not less than 10 percent of personnel of the Department of State and the United States Agency for International Development receive professional training or participate in details, exchanges, fellowships, scholarships or other opportunities for professional development.

(c) INSTITUTION FOR TRAINING.—Section 701(b) of the Foreign Service Act of 1980 (22 U.S.C. 4021(b)) is amended to read as follows:

''(b)(1) The Secretary of State shall ensure that training offered by the institution—

"(A) meets the training needs of all foreign affairs agencies;

"(B) is made available on an equal basis to personnel of all foreign affairs agencies, including access to child care facilities, travel, per diem, and reimbursements;

"(C) is responsive to requests by the heads of other agencies for the development and implementation of specialized training courses; and

"(D) is evaluated regularly for cost-effectiveness and for results.

"(2) Other agencies shall avoid duplicating the facilities and training provided by the Secretary of State through the institution and otherwise.".

(d) TRAINING SUPPORT SERVICES.—Section 704(a)(4)(B) of the Foreign Service Act of 1980 (22 U.S.C. 4024(a)(4)(B)) is amended by striking "language instructors, linguists, and other academic and training specialists" and inserting "education and training specialists, including language instructors and linguists, and other specialists who perform work directly relating to the design, delivery, oversight, or coordination of training delivered by the institution".

(e) REQUIREMENTS FOR PROMOTION.—The Secretary and the Administrator shall each establish a set of

mandatory training requirements for promotion into the Senior Foreign Service.

(f) EVALUATION OF EFFECTIVENESS.—The Secretary and the Administrator shall evaluate the effectiveness of all training and professional development programs for the personnel of the Department of State and the United States Agency for International Development, respectively, not later than 2 years after the date of the enactment of this Act, and not less than once every 5 years after thereafter. The results of such evaluations shall be made publicly available on the Internet.

SEC. 11903. LANGUAGE SKILLS DEVELOPMENT.

(a) DEVELOPMENT OF SYSTEM.—The Secretary and the Administrator shall develop a system for increasing the number and percentage of Foreign Service Officers at the Department of State and the United States Agency for International Development, respectively, who are proficient in the official language of the country of assignment.

(b) ELEMENTS OF SYSTEM.—Such system shall include—

(1) methods for identifying emerging areas of foreign language shortfalls and projected language needs;

(2) designation of Foreign Service positions for which a minimum level of certified language proficiency is required, to be known as ''language designated positions'';

(3) designation of languages for which there is a critical unmet need, to be known as ''critical languages'';

(4) development of policies and procedures relating to assignments, length of rotations, recruitment, retention, training, and promotion to—

(A) ensure that there are a sufficient number of Foreign Service officers able and available to fill language designated positions; and

(B) remedy shortfalls in critical languages;

(5) establishment of clear and measurable performance goals and objectives; and

(6) requirements for monitoring and evaluation of progress.

(c) TRANSMISSION TO CONGRESS.—The Secretary and the Administrator shall transmit to the appropriate congressional committees, not later than 1 year after the date of the enactment of this Act, a report on the system developed under subsection (a) and a plan for its implementation, including any budgetary implications.

(d) IMPLEMENTATION REPORTS.—One year after the date on which the report is transmitted pursuant to subsection (c), and each of the next 2 years thereafter, the Secretary and the Administrator shall transmit to the appropriate congressional committees a report on the status of implementation of the system developed under subsection (a).

(e) REPEAL OF DUPLICATIVE REPORT.—Section 702 of the Foreign Service Act of 1980 (22 U.S.C. 4022) is amended by striking subsection (c).

(f) AVAILABILITY OF FUNDS.—Notwithstanding section 11302, amounts made available to the Agency to carry out this section shall not be considered to be operating expenses.

TITLE XII—AMENDMENTS AND REPEALS

Subtitle A—Amendments

SEC. 12101. AMENDMENTS RELATING TO ASSISTANCE TO COMBAT HIV/AIDS, TUBERCULOSIS, AND MALARIA.

(a) ASSISTANCE TO COMBAT HIV/AIDS.—Subtitle A of title III of the United States Leadership Against HIV/AIDS, Tuberculosis and Malaria Act of 2003 (22 U.S.C. 7631 et seq.) is amended—

(1) by redesignating section 301 as section 301A;

(2) in the heading of section 301A (as redesignated), by inserting "**OTHER PROVISIONS RELATING TO**" before "**ASSISTANCE**"; and

(3) by inserting before section 301A (as redesignated) the following new section:

"SEC. 301. ASSISTANCE TO COMBAT HIV/AIDS.

"(a) FINDING.—Congress recognizes that the alarming spread of HIV/AIDS in countries in sub-Saharan Africa, the Caribbean, Central Asia, Eastern Europe, Latin America and other developing countries is a major global health, national security, development, and humanitarian crisis.

"(b) POLICY.—

"(1) OBJECTIVES.—It is a major objective of the foreign assistance program of the United States to provide assistance for the prevention and treatment of HIV/AIDS and the care of those affected by the disease. It is the policy objective of the United States, by 2013, to—

"(A) assist partner countries to—

"(i) prevent 12,000,000 new HIV infections worldwide;

"(ii) support—

"(I) the increase in the number of individuals with HIV/AIDS receiving antiretroviral treatment above the goal established under section 402(a)(3) and increased pursuant to paragraphs (1) through (3) of section 403(d); and

"(II) additional treatment through coordinated multilateral efforts;

"(iii) support care for 12,000,000 individuals infected with or affected by HIV/AIDS, including 5,000,000 orphans and vulnerable children affected by HIV/AIDS, with an emphasis on promoting a comprehensive, coordinated system of services to be integrated throughout the continuum of care;

"(iv) provide at least 80 percent of the target population with access to counseling, testing, and treatment to prevent the transmission of HIV from mother-to-child;

"(v) provide care and treatment services to children with HIV in proportion to

1 their percentage within the HIV-infected
2 population of a given partner country; and
3 "(vi) train and support retention of
4 health care professionals, paraprofes-
5 sionals, and community health workers in
6 HIV/AIDS prevention, treatment, and
7 care, with the target of providing such
8 training to at least 140,000 new health
9 care professionals and paraprofessionals
10 with an emphasis on training and in coun-
11 try deployment of critically needed doctors
12 and nurses;
13 "(B) strengthen the capacity to deliver pri-
14 mary health care in developing countries, espe-
15 cially in sub-Saharan Africa;
16 "(C) support and help countries in their
17 efforts to achieve staffing levels of at least 2.3
18 doctors, nurses, and midwives per 1,000 popu-
19 lation, as called for by the World Health Orga-
20 nization; and
21 "(D) help partner countries to develop
22 independent, sustainable HIV/AIDS programs.
23 "(2) COORDINATED GLOBAL STRATEGY.—The
24 United States and other countries with the sufficient
25 capacity should provide assistance to countries in

1 sub-Saharan Africa, the Caribbean, Central Asia,
2 Eastern Europe, and Latin America, and other
3 countries and regions confronting HIV/AIDS
4 epidemics in a coordinated global strategy to help
5 address generalized and concentrated epidemics
6 through HIV/AIDS prevention, treatment, care,
7 monitoring and evaluation, and related activities.

8 ''(3) PRIORITIES.—The United States Govern-
9 ment's response to the global HIV/AIDS pandemic
10 and the Government's efforts to help countries as-
11 sume leadership of sustainable campaigns to combat
12 their local epidemics should place high priority on—

13 ''(A) the prevention of the transmission of
14 HIV;

15 ''(B) moving toward universal access to
16 HIV/AIDS prevention counseling and services;

17 ''(C) meaningful cost-sharing assurances
18 by the partner country; and

19 ''(D) the inclusion of transition strategies
20 to ensure sustainability of such programs and
21 activities, including health care systems, under
22 other international donor support, or budget
23 support by respective foreign governments.

24 ''(c) AUTHORIZATION.—

"(1) IN GENERAL.—Consistent with section 1321 of the Global Partnerships Act of 2012, the President is authorized to furnish assistance, on such terms and conditions as the President may determine, for HIV/AIDS, including to prevent, treat, and monitor HIV/AIDS, and carry out related activities, in countries in sub-Saharan Africa, the Caribbean, Central Asia, Eastern Europe, Latin America, and other countries and areas, particularly with respect to refugee populations or those in postconflict settings in such countries and areas with significant or increasing HIV incidence rates.

"(2) ROLE OF NGOS.—It is the sense of Congress that the President should provide an appropriate level of assistance under paragraph (1) through nongovernmental organizations (including faith-based and community-based organizations) in countries in sub-Saharan Africa, the Caribbean, Central Asia, Eastern Europe, Latin America, and other countries and areas affected by the HIV/AIDS pandemic, particularly with respect to refugee populations or those in post-conflict settings in such countries and areas with significant or increasing HIV incidence rates.

"(3) COORDINATION OF ASSISTANCE EFFORTS.—The President shall coordinate the provision of assistance under paragraph (1) with the provision of related assistance by the Joint United Nations Programme on HIV/AIDS (UNAIDS), the United Nations Children's Fund (UNICEF), the World Health Organization (WHO), the United Nations Development Programme (UNDP), the Global Fund to Fight AIDS, Tuberculosis and Malaria and other appropriate international organizations (such as the International Bank for Reconstruction and Development), relevant regional multilateral development institutions, national, state, and local governments of partner countries, other international actors, appropriate governmental and nongovernmental organizations, and relevant executive branch agencies within the framework of the principles of the Three Ones.

"(d) ACTIVITIES SUPPORTED.—Assistance provided under subsection (c) shall, to the maximum extent practicable, be used to carry out the following activities:

"(1) PREVENTION.—Prevention of HIV/AIDS through activities including—

"(A) programs and efforts that are designed or intended to impart knowledge with

the exclusive purpose of helping individuals avoid behaviors that place them at risk of HIV infection, including integration of such programs into health programs and the inclusion in counseling programs of information on methods of avoiding infection of HIV, including delaying sexual debut, abstinence, fidelity and monogamy, reduction of casual sexual partnering and multiple concurrent sexual partnering, reducing sexual violence and coercion, including child marriage, widow inheritance, and polygamy, and where appropriate, use of male and female condoms;

''(B) assistance to establish and implement culturally appropriate HIV/AIDS education and prevention programs that are designed with local input and focus on helping individuals avoid infection of HIV/AIDS, implemented through nongovernmental organizations, including faith-based and community-based organizations, particularly those locally based organizations that utilize both professionals and volunteers with appropriate skills, experience, and community presence;

"(C) assistance for the purpose of encouraging men to be responsible in their sexual behavior, child rearing, and to respect women;

"(D) assistance for the purpose of providing voluntary testing and counseling (including the incorporation of confidentiality protections with respect to such testing and counseling) and promoting the use of provider-initiated or 'opt-out' voluntary testing in accordance with World Health Organization guidelines;

"(E) assistance for the purpose of preventing mother-to-child transmission of the HIV infection, including medications to prevent such transmission and access to infant formula and other alternatives for infant feeding;

"(F) assistance to—

"(i) achieve the goal of reaching 80 percent of pregnant women for prevention and treatment of mother-to-child transmission of HIV in countries in which the United States is implementing HIV/AIDS programs by 2013; and

"(ii) promote infant feeding options and treatment protocols that meet the

most recent criteria established by the World Health Organization;

"(G) medical male circumcision programs as part of national strategies to combat the transmission of HIV/AIDS;

"(H) assistance to ensure a safe blood supply and sterile medical equipment;

"(I) assistance to help avoid substance abuse and intravenous drug use that can lead to HIV infection;

"(J) assistance for the purpose of increasing women's access to employment opportunities, income, productive resources, and microfinance programs, where appropriate; and

"(K) assistance for counseling, testing, treatment, care, and support programs, including—

"(i) counseling and other services for the prevention of reinfection of individuals with HIV/AIDS;

"(ii) counseling to prevent sexual transmission of HIV, including—

"(I) life skills development for practicing abstinence and faithfulness;

1 ''(II) reducing the number of sex-
2 ual partners;
3 ''(III) delaying sexual debut; and
4 ''(IV) ensuring correct and con-
5 sistent use of condoms;
6 ''(iii) assistance to engage underlying
7 vulnerabilities to HIV/AIDS, especially
8 those of women and girls;
9 ''(iv) assistance for appropriate HIV/
10 AIDS education programs and training
11 targeted to prevent the transmission of
12 HIV among men who have sex with men;
13 ''(v) assistance to provide male and
14 female condoms;
15 ''(vi) diagnosis and treatment of other
16 sexually transmitted infections;
17 ''(vii) strategies to address the stigma
18 and discrimination that impede HIV/AIDS
19 prevention efforts; and
20 ''(viii) assistance to facilitate wide-
21 spread access to microbicides for HIV pre-
22 vention, if safe and effective products be-
23 come available, including financial and
24 technical support for culturally appropriate
25 introductory programs, procurement, dis-

tribution, logistics management, program delivery, acceptability studies, provider training, demand generation, and postintroduction monitoring.

"(2) TREATMENT.—The treatment and care of individuals with HIV/AIDS, including—

"(A) assistance to establish and implement programs to strengthen and broaden indigenous health care delivery systems and the capacity of such systems to deliver HIV/AIDS pharmaceuticals and otherwise provide for the treatment of individuals with HIV/AIDS, including clinical training for indigenous organizations and health care providers;

"(B) assistance to strengthen and expand hospice and palliative care programs to assist patients debilitated by HIV/AIDS, their families, and the primary caregivers of such patients, including programs that utilize faith-based and community-based organizations;

"(C) assistance for the purpose of the care and treatment of individuals with HIV/AIDS through the provision of pharmaceuticals, including antiretrovirals and other pharmaceuticals and therapies for the treatment of op-

1 portunistic infections, pain management, nutri-
2 tional support, and other treatment modalities;
3 "(D) as part of care and treatment of
4 HIV/AIDS, assistance (including prophylaxis
5 and treatment) for common HIV/AIDS-related
6 opportunistic infections for free or at a rate at
7 which it is easily affordable to the individuals
8 and populations being served; and
9 "(E) as part of care and treatment of
10 HIV/AIDS, assistance or referral to available
11 and adequately resourced service providers for
12 nutritional support, including counseling and
13 where necessary the provision of commodities,
14 for persons meeting malnourishment criteria
15 and their families.
16 "(3) PREVENTATIVE INTERVENTION EDU-
17 CATION AND TECHNOLOGIES.—(A) With particular
18 emphasis on specific populations that represent a
19 particularly high risk of contracting or spreading
20 HIV/AIDS, including those exploited through the
21 sex trade, victims of rape and sexual assault, indi-
22 viduals already infected with HIV/AIDS, and in
23 cases of occupational exposure of health care work-
24 ers, assistance with efforts to reduce the risk of
25 HIV/AIDS infection including post-exposure phar-

1 maceutical prophylaxis, and necessary pharma-
2 ceuticals and commodities, including test kits,
3 condoms, and, when proven effective, microbicides.
4 ''(B) Bulk purchases of available test kits,
5 condoms, and, when proven effective, microbicides
6 that are intended to reduce the risk of HIV/AIDS
7 transmission and for appropriate program support
8 for the introduction and distribution of these com-
9 modities, as well as education and training on the
10 use of the technologies.
11 ''(4) MONITORING.—The monitoring of pro-
12 grams, projects, and activities carried out pursuant
13 to paragraphs (1) through (3), including—
14 ''(A) monitoring to ensure that adequate
15 controls are established and implemented to
16 provide HIV/AIDS pharmaceuticals and other
17 appropriate medicines to poor individuals with
18 HIV/AIDS;
19 ''(B) appropriate evaluation and surveil-
20 lance activities;
21 ''(C) monitoring to ensure that appropriate
22 measures are being taken to maintain the sus-
23 tainability of HIV/AIDS pharmaceuticals (espe-
24 cially antiretrovirals) and ensure that drug re-

sistance is not compromising the benefits of such pharmaceuticals;

"(D) monitoring to ensure appropriate law enforcement officials are working to ensure that HIV/AIDS pharmaceuticals are not diminished through illegal counterfeiting or black market sales of such pharmaceuticals;

"(E) carrying out and expanding program monitoring, impact evaluation research and analysis, and operations research and disseminating data and findings through mechanisms to be developed by the Coordinator of United States Government Activities to Combat HIV/AIDS Globally, in coordination with the Director of the Centers for Disease Control, in order to—

"(i) improve accountability, increase transparency, and ensure the delivery of evidence-based services through the collection, evaluation, and analysis of data regarding gender-responsive interventions, disaggregated by age and sex;

"(ii) identify and replicate effective models; and

1 "(iii) develop gender indicators to
2 measure outcomes and the impacts of
3 interventions; and
4 "(F) establishing appropriate systems to—
5 "(i) gather epidemiological and social
6 science data on HIV; and
7 "(ii) evaluate the effectiveness of pre-
8 vention efforts among men who have sex
9 with men, with due consideration to stigma
10 and risks associated with disclosure.
11 "(5) PHARMACEUTICALS.—
12 "(A) PROCUREMENT.—The procurement of
13 HIV/AIDS pharmaceuticals, antiviral therapies,
14 and other appropriate medicines, including
15 medicines to treat opportunistic infections.
16 "(B) MECHANISMS FOR QUALITY CONTROL
17 AND SUSTAINABLE SUPPLY.—Mechanisms to
18 ensure that such HIV/AIDS pharmaceuticals,
19 antiretroviral therapies, and other appropriate
20 medicines are quality-controlled and sustainably
21 supplied.
22 "(C) MECHANISM TO ENSURE COST-EF-
23 FECTIVE DRUG PURCHASING.—Subject to sub-
24 paragraph (B), mechanisms to ensure that safe
25 and effective pharmaceuticals, including

antiretrovirals and medicines to treat opportunistic infections, are purchased at the lowest possible price at which such pharmaceuticals may be obtained in sufficient quantity on the world market, provided that such pharmaceuticals are approved, tentatively approved, or otherwise authorized for use by—

"(i) the Food and Drug Administration;

"(ii) a stringent regulatory agency acceptable to the Secretary of Health and Human Services; or

"(iii) a quality assurance mechanism acceptable to the Secretary of Health and Human Services.

"(D) DISTRIBUTION.—The distribution of such HIV/AIDS pharmaceuticals, antiviral therapies, and other appropriate medicines (including medicines to treat opportunistic infections) to qualified national, regional, or local organizations for the treatment of individuals with HIV/AIDS in accordance with appropriate HIV/AIDS testing and monitoring requirements and treatment protocols and for the prevention

of mother-to-child transmission of the HIV infection.

"(6) RELATED AND COORDINATED ACTIVITIES.—The conduct of related activities, including—

"(A) the care and support of children who are orphaned by the HIV/AIDS pandemic, including services designed to care for orphaned children in a family environment which rely on extended family members;

"(B) improved infrastructure and institutional capacity to develop and manage education, prevention, and treatment programs, including training and the resources to collect and maintain accurate HIV surveillance data to target programs and measure the effectiveness of interventions;

"(C) vaccine research and development partnership programs with specific plans of action to develop a safe, effective, accessible, preventive HIV vaccine for use throughout the world;

"(D) coordinated or referred activities to—

"(i) enhance the clinical impact of HIV/AIDS care and treatment; and

1 "(ii) ameliorate the adverse social and
2 economic costs often affecting AIDS-im-
3 pacted families and communities through
4 the direct provision, as necessary, or
5 through the referral, if possible, of support
6 services, including—
7 "(I) nutritional and food support;
8 "(II) safe drinking water and
9 adequate sanitation;
10 "(III) nutritional counseling;
11 "(IV) income-generating activi-
12 ties and livelihood initiatives;
13 "(V) maternal and child health
14 care;
15 "(VI) primary health care;
16 "(VII) the diagnosis and treat-
17 ment of other infectious or sexually
18 transmitted diseases;
19 "(VIII) substance abuse and
20 treatment services; and
21 "(IX) legal services;
22 "(E) coordinated or referred activities to
23 link programs addressing HIV/AIDS with pro-
24 grams addressing gender-based violence in
25 areas of significant HIV prevalence to assist

countries in the development and enforcement of women's health, children's health, and HIV/AIDS laws and policies that—

"(i) prevent and respond to violence against women and girls;

"(ii) promote the integration of screening and assessment for gender-based violence into HIV/AIDS programming;

"(iii) promote appropriate HIV/AIDS counseling, testing, and treatment into gender-based violence programs; and

"(iv) assist governments to develop partnerships with civil society organizations to create networks for psychosocial, legal, economic, or other support services;

"(F) coordinated or referred activities to—

"(i) address the frequent coinfection of HIV and tuberculosis, in accordance with World Health Organization guidelines;

"(ii) promote provider-initiated or 'opt-out' HIV/AIDS counseling and testing and appropriate referral for treatment and care to individuals with tuberculosis or its

1 symptoms, particularly in areas with sig-
2 nificant HIV prevalence; and
3 ''(iii) strengthen programs to ensure
4 that individuals testing positive for HIV
5 receive tuberculosis screening and to im-
6 prove laboratory capacities, infection con-
7 trol, and adherence; and
8 ''(G) activities to—
9 ''(i) improve the effectiveness of na-
10 tional responses to HIV/AIDS;
11 ''(ii) strengthen overall health systems
12 in high-prevalence countries, including sup-
13 port for workforce training, retention, and
14 effective deployment, capacity building,
15 laboratory development, equipment mainte-
16 nance and repair, and public health and
17 related public financial management sys-
18 tems and operations;
19 ''(iii) encourage fair and transparent
20 procurement practices among partner
21 countries; and
22 ''(iv) promote in-country or intra-re-
23 gional pediatric training for physicians and
24 other health professionals, preferably
25 through public-private partnerships involv-

ing colleges and universities, with the goal of increasing pediatric HIV workforce capacity.

"(7) COMPREHENSIVE HIV/AIDS PUBLIC-PRIVATE PARTNERSHIPS.—The establishment and operation of public-private partnership entities within countries in sub-Saharan Africa, the Caribbean, and other countries affected by the HIV/AIDS pandemic that are dedicated to supporting the national strategy of such countries regarding the prevention, treatment, and monitoring of HIV/AIDS. Each such public-private partnership should—

"(A) support the development, implementation, and management of comprehensive HIV/AIDS plans in support of the national HIV/AIDS strategy;

"(B) operate at all times in a manner that emphasizes efficiency, accountability, and results-driven programs;

"(C) engage both local and foreign development partners and donors, including businesses, government agencies, academic institutions, nongovernmental organizations, foundations, multilateral development agencies, and faith-based organizations, to assist the country

in coordinating and implementing HIV/AIDS prevention, treatment, and monitoring programs in accordance with its national HIV/AIDS strategy;

"(D) provide technical assistance, consultant services, financial planning, monitoring and evaluation, and research in support of the national HIV/AIDS strategy; and

"(E) establish local human resource capacities for the national HIV/AIDS strategy through the transfer of medical, managerial, leadership, and technical skills.

"(8) COMPACTS AND FRAMEWORK AGREEMENTS.—The development of compacts or framework agreements, tailored to local circumstances, with national governments or regional partnerships in countries with significant HIV/AIDS burdens to promote host government commitment to deeper integration of HIV/AIDS services into health systems, contribute to health systems overall, and enhance sustainability, including—

"(A) meaningful cost-sharing assurances by the partner country; and

"(B) transition strategies to ensure sustainability of such programs and activities, in-

cluding health care systems, under other international donor support, or budget support by respective foreign governments.

"(e) COMPACTS AND FRAMEWORK AGREEMENTS.—

"(1) FINDINGS.—Congress makes the following findings:

"(A) The congressionally mandated Institute of Medicine report entitled 'PEPFAR Implementation: Progress and Promise' states: 'The next strategy [of the U.S. Global AIDS Initiative] should squarely address the needs and challenges involved in supporting sustainable country HIV/AIDS programs, thereby transitioning from a focus on emergency relief.'.

"(B) One mechanism to promote the transition from an emergency to a public health and development approach to HIV/AIDS is through compacts or framework agreements between the United States Government and each participating nation.

"(2) ELEMENTS.—Compacts on HIV/AIDS authorized under subsection (d)(8) shall include the following elements:

1 "(A) Compacts whose primary purpose is
2 to provide direct services to combat HIV/AIDS
3 are to be made between—
4 "(i) the United States Government;
5 and
6 "(ii)(I) national or regional entities
7 representing low-income countries served
8 by an existing United States Agency for
9 International Development or Department
10 of Health and Human Services presence or
11 regional platform; or
12 "(II) countries or regions—
13 "(aa) experiencing significantly
14 high HIV prevalence or risk of signifi-
15 cantly increasing incidence within the
16 general population;
17 "(bb) served by an existing
18 United States Agency for Inter-
19 national Development or Department
20 of Health and Human Services pres-
21 ence or regional platform; and
22 "(cc) that have inadequate finan-
23 cial means within such country or re-
24 gion.

1 "(B) Compacts whose primary purpose is
2 to provide limited technical assistance to a
3 country or region connected to services provided
4 within the country or region—
5 "(i) may be made with other countries
6 or regional entities served by an existing
7 United States Agency for International
8 Development or Department of Health and
9 Human Services presence or regional plat-
10 form;
11 "(ii) shall require significant invest-
12 ments in HIV prevention, care, and treat-
13 ment services by the host country;
14 "(iii) shall be time-limited in terms of
15 United States contributions; and
16 "(iv) shall be made only upon prior
17 notification to Congress—
18 "(I) justifying the need for such
19 compacts;
20 "(II) describing the expected in-
21 vestment by the country or regional
22 entity; and
23 "(III) describing the scope, na-
24 ture, expected total United States in-
25 vestment, and time frame of the lim-

ited technical assistance under the compact and its intended impact.

"(C) Compacts shall include provisions to—

"(i) promote local and national efforts to reduce stigma associated with HIV/AIDS; and

"(ii) work with and promote the role of civil society in combating HIV/AIDS.

"(D) Compacts shall take into account the overall national health and development and national HIV/AIDS and public health strategies of each country.

"(E) Compacts shall contain—

"(i) consideration of the specific objectives that the country and the United States expect to achieve during the term of a compact;

"(ii) consideration of the respective responsibilities of the country and the United States in the achievement of such objectives;

"(iii) consideration of regular benchmarks to measure progress toward achieving such objectives;

1 "(iv) an identification of the intended
2 beneficiaries, disaggregated by gender and
3 age, and including information on orphans
4 and vulnerable children, to the maximum
5 extent practicable;
6 "(v) consideration of the methods by
7 which the compact is intended to—
8 "(I) address the factors that put
9 women and girls at greater risk of
10 HIV/AIDS; and
11 "(II) strengthen elements such as
12 the economic, educational, and social
13 status of women, girls, orphans, and
14 vulnerable children and the inherit-
15 ance rights and safety of such individ-
16 uals;
17 "(vi) consideration of the methods by
18 which the compact will—
19 "(I) strengthen the health care
20 capacity, including factors such as the
21 training, retention, deployment, re-
22 cruitment, and utilization of health
23 care workers;
24 "(II) improve supply chain man-
25 agement; and

"(III) improve the health systems and infrastructure of the partner country, including the ability of compact participants to maintain and operate equipment transferred or purchased as part of the compact;

"(vii) consideration of proposed mechanisms to provide oversight;

"(viii) consideration of the role of civil society in the development of a compact and the achievement of its objectives;

"(ix) a description of the current and potential participation of other donors in the achievement of such objectives, as appropriate; and

"(x) consideration of a plan to ensure appropriate fiscal accountability for the use of assistance.

"(F) For regional compacts, priority shall be given to countries that are included in regional funds and programs in existence as of the date of the enactment of the Tom Lantos and Henry J. Hyde United States Global Leadership Against HIV/AIDS, Tuberculosis, and Malaria Reauthorization Act of 2008.

"(G) Amounts made available for compacts described in subparagraphs (A) and (B) shall be subject to the inclusion of—

"(i) meaningful cost-sharing assurances by the partner country; and

"(ii) transition strategies to ensure sustainability of such programs and activities, including health care systems, under other international donor support, and budget support by respective foreign governments.

"(3) LOCAL INPUT.—In entering into a compact on HIV/AIDS authorized under subsection (d)(8), the Coordinator of United States Government Activities to Combat HIV/AIDS Globally shall seek to ensure that the government of a country—

"(A) takes into account the local perspectives of the rural and urban poor, including women, in each country; and

"(B) consults with private and voluntary organizations, including faith-based organizations, the business community, and other donors in the country.

"(4) CONGRESSIONAL AND PUBLIC NOTIFICATION AFTER ENTERING INTO A COMPACT.—Not later

than 10 days after entering into a compact authorized under subsection (d)(8), the Global AIDS Coordinator shall—

"(A) submit a report containing a detailed summary of the compact and a copy of the text of the compact to—

"(i) the Committee on Foreign Relations of the Senate;

"(ii) the Committee on Appropriations of the Senate;

"(iii) the Committee on Foreign Affairs of the House of Representatives; and

"(iv) the Committee on Appropriations of the House of Representatives; and

"(B) publish such information in the Federal Register and on the Internet website of the Office of the Global AIDS Coordinator.

"(f) ANNUAL REPORT.—

"(1) IN GENERAL.—Not later than January 31 of each year, the President 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 the implementation of this section for the prior fiscal year.

1 "(2) REPORT ELEMENTS.—Each report shall
2 include—
3 "(A) a description of efforts made by each
4 relevant executive branch agency to implement
5 the policies set forth in this section, section
6 302, and section 303;
7 "(B) a description of the programs estab-
8 lished pursuant to such sections;
9 "(C) a detailed breakdown of funding allo-
10 cations, by program and by country, for preven-
11 tion activities; and
12 "(D) a detailed assessment of the impact
13 of programs established pursuant to such sec-
14 tions, including—
15 "(i)(I) the effectiveness of such pro-
16 grams in reducing—
17 "(aa) the transmission of
18 HIV, particularly in women and
19 girls;
20 "(bb) mother-to-child trans-
21 mission of HIV, including
22 through drug treatment and
23 therapies, either directly or by re-
24 ferral; and

1 "(cc) mortality rates from
2 HIV/AIDS;
3 "(II) the number of patients receiving
4 treatment for AIDS in each country that
5 receives assistance under this Act;
6 "(III) an assessment of progress to-
7 wards the achievement of annual goals set
8 forth in the timetable required under the
9 5-year strategy established under section
10 101 and, if annual goals are not being
11 met, the reasons for such failure; and
12 "(IV) retention and attrition data for
13 programs receiving United States assist-
14 ance, including mortality and loss to fol-
15 low-up rates, organized overall and by
16 country;
17 "(ii) the progress made toward—
18 "(I) improving health care deliv-
19 ery systems (including the training of
20 health care workers, including doctors,
21 nurses, midwives, pharmacists, labora-
22 tory technicians, and compensated
23 community health workers, and the
24 use of codes of conduct for ethical re-

1 cruiting practices for health care
2 workers);
3 ''(II) advancing safe working
4 conditions for health care workers;
5 and
6 ''(III) improving infrastructure
7 to promote progress toward universal
8 access to HIV/AIDS prevention, treat-
9 ment, and care by 2013;
10 ''(iii) a description of coordination ef-
11 forts with relevant executive branch agen-
12 cies to link HIV/AIDS clinical and social
13 services with non-HIV/AIDS services as
14 part of the United States health and devel-
15 opment agenda;
16 ''(iv) a detailed description of inte-
17 grated HIV/AIDS and food and nutrition
18 programs and services, including—
19 ''(I) the amount spent on food
20 and nutrition support;
21 ''(II) the types of activities sup-
22 ported; and
23 ''(III) an assessment of the effec-
24 tiveness of interventions carried out to
25 improve the health status of persons

with HIV/AIDS receiving food or nutritional support;

"(v) a description of efforts to improve harmonization, in terms of relevant executive branch agencies, coordination with other public and private entities, and coordination with partner countries' national strategic plans as called for in the 'Three Ones';

"(vi) a description of—

"(I) the efforts of partner countries that were signatories to the Abuja Declaration on HIV/AIDS, Tuberculosis, and Other Related Infectious Diseases to adhere to the goals of such Declaration in terms of investments in public health, including HIV/AIDS; and

"(II) a description of the HIV/AIDS investments of partner countries that were not signatories to such Declaration;

"(vii) a detailed description of any compacts or framework agreements reached or negotiated between the United

1 States and any partner countries, including
2 a description of the elements of compacts
3 described in subsection (e);
4 ''(viii) a description of programs serv-
5 ing women and girls, including—
6 ''(I) HIV/AIDS prevention pro-
7 grams that address the vulnerabilities
8 of girls and women to HIV/AIDS;
9 ''(II) information on the number
10 of individuals served by programs
11 aimed at reducing the vulnerabilities
12 of women and girls to HIV/AIDS and
13 data on the types, objectives, and du-
14 ration of programs to address these
15 issues;
16 ''(III) information on programs
17 to address the particular needs of ad-
18 olescent girls and young women; and
19 ''(IV) programs to prevent gen-
20 der-based violence or to assist victims
21 of gender based violence as part of, or
22 in coordination with, HIV/AIDS pro-
23 grams;
24 ''(ix) a description of strategies, goals,
25 programs, and interventions to—

1 "(I) address the needs and
2 vulnerabilities of youth populations;
3 "(II) expand access among young
4 men and women to evidence-based
5 HIV/AIDS health care services and
6 HIV prevention programs, including
7 abstinence education programs; and
8 "(III) expand community-based
9 services to meet the needs of orphans
10 and of children and adolescents af-
11 fected by or vulnerable to HIV/AIDS
12 without increasing stigmatization;
13 "(x) a description of—
14 "(I) the specific strategies funded
15 to ensure the reduction of HIV infec-
16 tion among injection drug users;
17 "(II) the number of injection
18 drug users, by country, reached by
19 such strategies; and
20 "(III) medication-assisted drug
21 treatment for individuals with HIV or
22 at risk of HIV;
23 "(xi) a detailed description of pro-
24 gram monitoring, operations research, and
25 impact evaluation research, including—

1 "(I) the amount of funding pro-
2 vided for each research type;
3 "(II) an analysis of cost-effective-
4 ness models; and
5 "(III) conclusions regarding the
6 efficiency, effectiveness, and quality of
7 services as derived from previous or
8 ongoing research and monitoring ef-
9 forts;
10 "(xii) building capacity to identify, in-
11 vestigate, and stop nosocomial trans-
12 mission of infectious diseases, including
13 HIV and tuberculosis; and
14 "(xiii) a description of staffing levels
15 of United States Government HIV/AIDS
16 teams in countries with significant HIV/
17 AIDS programs, including whether or not
18 a full-time coordinator was on staff for the
19 year.
20 "(g) FUNDING LIMITATION.—Of the funds made
21 available to carry out this section in any fiscal year, not
22 more than 7 percent may be used for the administrative
23 expenses of the United States Agency for International
24 Development in support of activities described in this sec-
25 tion, section 302, and section 303. Such amount shall be

in addition to other amounts otherwise available for such purposes.

"(h) DEFINITIONS.—In this section:

"(1) AIDS.—The term 'AIDS' means acquired immune deficiency syndrome.

"(2) HIV.—The term 'HIV' means the human immunodeficiency virus, the pathogen that causes AIDS.

"(3) HIV/AIDS.—The term 'HIV/AIDS' means, with respect to an individual, an individual who is infected with HIV or living with AIDS.

"(4) RELEVANT EXECUTIVE BRANCH AGENCIES.—The term 'relevant executive branch agencies' means the Department of State, the United States Agency for International Development, the Department of Health and Human Services (including its agencies and offices), and any other department or agency of the United States that participates in international HIV/AIDS activities pursuant to the authorities of such department or agency or this Act.".

(b) ASSISTANCE TO COMBAT TUBERCULOSIS.—Subtitle A of title III of the United States Leadership Against HIV/AIDS, Tuberculosis and Malaria Act of 2003 (22 U.S.C. 7631 et seq.) is amended—

(1) by redesignating section 302 as section 302A;

(2) in the heading of section 302A (as redesignated), by inserting "**OTHER PROVISIONS RELATING TO**" before "**ASSISTANCE**"; and

(3) by inserting before section 302A (as redesignated) the following new section:

"SEC. 302. ASSISTANCE TO COMBAT TUBERCULOSIS.

"(a) FINDINGS.—Congress makes the following findings:

"(1) Congress recognizes the growing international problem of tuberculosis and the impact its continued existence has on those countries that had previously largely controlled the disease.

"(2) Congress further recognizes that the means exist to control and treat tuberculosis through expanded use of the DOTS (Directly Observed Treatment Short-course) treatment strategy, including DOTS–Plus to address multi-drug resistant tuberculosis, and adequate investment in newly created mechanisms to increase access to treatment, including the Global Tuberculosis Drug Facility established in 2001 pursuant to the Amsterdam Declaration to Stop TB and the Global Alliance for TB Drug Development.

1 "(b) POLICY.—It is a major objective of the foreign
2 assistance program of the United States to control tuber-
3 culosis. In all countries in which the Government of the
4 United States has established development programs, par-
5 ticularly in countries with the highest burden of tuber-
6 culosis and other countries with high rates of tuberculosis,
7 the United States should support the objectives of the
8 Global Plan to Stop TB, including through achievement
9 of the following goals:

10 "(1) Reduce by half the tuberculosis death and
11 disease burden from the 1990 baseline.

12 "(2) Sustain or exceed the detection of at least
13 70 percent of sputum smear-positive cases of tuber-
14 culosis and the successful treatment of at least 85
15 percent of the cases detected in countries with estab-
16 lished United States Agency for International Devel-
17 opment tuberculosis programs.

18 "(3) In support of the Global Plan to Stop TB,
19 the President shall establish a comprehensive, 5-year
20 United States strategy to expand and improve
21 United States efforts to combat tuberculosis glob-
22 ally, including a plan to support—

23 "(A) the successful treatment of 4,500,000
24 new sputum smear tuberculosis patients under
25 DOTS programs by 2013, primarily through di-

rect support for needed services, commodities, health workers, and training, and additional treatment through coordinated multilateral efforts; and

"(B) the diagnosis and treatment of 90,000 new multiple drug resistant tuberculosis cases by 2013, and additional treatment through coordinated multilateral efforts.

"(c) AUTHORIZATION.—To carry out this section and consistent with section 1321 of the Global Partnerships Act of 2012, the President is authorized to furnish assistance, on such terms and conditions as the President may determine, for the prevention, treatment, control, and elimination of tuberculosis.

"(d) COORDINATION.—In carrying out this section, the President shall coordinate with the World Health Organization, the Global Fund to Fight AIDS, Tuberculosis, and Malaria, and other organizations with respect to the development and implementation of a comprehensive tuberculosis control program.

"(e) PRIORITY TO STOP TB STRATEGY.—In furnishing assistance under subsection (c), the President shall give priority to—

"(1) direct services described in the Stop TB Strategy, including expansion and enhancement of

1 Directly Observed Treatment Short-course (DOTS)
2 coverage, rapid testing, treatment for individuals in-
3 fected with both tuberculosis and HIV, and treat-
4 ment for individuals with multi-drug resistant tuber-
5 culosis (MDR–TB), strengthening of health systems,
6 use of the International Standards for Tuberculosis
7 Care by all providers, empowering individuals with
8 tuberculosis, and enabling and promoting research to
9 develop new diagnostics, drugs, and vaccines, and
10 program-based operational research relating to tu-
11 berculosis; and
12 ''(2) funding for the Global Tuberculosis Drug
13 Facility, the Stop Tuberculosis Partnership, and the
14 Global Alliance for TB Drug Development.
15 ''(f) ASSISTANCE FOR THE WORLD HEALTH ORGANI-
16 ZATION AND THE STOP TUBERCULOSIS PARTNERSHIP.—
17 In carrying out this section, the President, acting through
18 the Administrator of the United States Agency for Inter-
19 national Development, is authorized to provide increased
20 resources to the World Health Organization and the Stop
21 Tuberculosis Partnership to improve the capacity of coun-
22 tries with high rates of tuberculosis and other affected
23 countries to implement the Stop TB Strategy and specific
24 strategies related to addressing multiple drug resistant tu-

berculosis (MDR–TB) and extensively drug resistant tuberculosis (XDR–TB).

"(g) ANNUAL REPORT.—The President shall submit an annual report to Congress that describes the impact of United States foreign assistance on efforts to control tuberculosis, including—

"(1) the number of tuberculosis cases diagnosed and the number of cases cured in countries receiving United States bilateral foreign assistance for tuberculosis control purposes;

"(2) a description of activities supported with United States tuberculosis resources in each country, including a description of how those activities specifically contribute to increasing the number of people diagnosed and treated for tuberculosis;

"(3) in each country receiving bilateral United States foreign assistance for tuberculosis control purposes, the percentage provided for direct tuberculosis services in countries receiving United States bilateral foreign assistance for tuberculosis control purposes;

"(4) a description of research efforts and clinical trials to develop new tools to combat tuberculosis, including diagnostics, drugs, and vaccines supported by United States bilateral assistance;

1 "(5) the number of persons who have been di-
2 agnosed and started treatment for multidrug-resist-
3 ant tuberculosis in countries receiving United States
4 bilateral foreign assistance for tuberculosis control
5 programs;
6 "(6) a description of the collaboration and co-
7 ordination of United States anti-tuberculosis efforts
8 with the World Health Organization, the Global
9 Fund, and other major public and private entities
10 within the Stop TB Strategy;
11 "(7) the constraints on implementation of pro-
12 grams posed by health workforce shortages and ca-
13 pacities;
14 "(8) the number of people trained in tuber-
15 culosis control; and
16 "(9) a breakdown of expenditures for direct pa-
17 tient tuberculosis services, drugs and other commod-
18 ities, drug management, training in diagnosis and
19 treatment, health systems strengthening, research,
20 and support costs.
21 "(h) DEFINITIONS.—In this section:
22 "(1) DOTS.—The term 'DOTS' or 'Directly
23 Observed Treatment Short-course' means the World
24 Health Organization-recommended strategy for
25 treating tuberculosis, including—

1 "(A) low-cost and effective diagnosis,
2 treatment, and monitoring of tuberculosis;
3 "(B) a reliable drug supply;
4 "(C) a management strategy for public
5 health systems;
6 "(D) health system strengthening;
7 "(E) promotion of the use of the Inter-
8 national Standards for Tuberculosis Care by all
9 care providers;
10 "(F) bacteriology under an external quality
11 assessment framework;
12 "(G) short-course chemotherapy; and
13 "(H) sound reporting and recording sys-
14 tems.
15 "(2) DOTS–PLUS.—The term 'DOTS–Plus'
16 means a comprehensive tuberculosis management
17 strategy that is built upon and works as a supple-
18 ment to the standard DOTS strategy, and which
19 takes into account specific issues (such as use of sec-
20 ond line anti-tuberculosis drugs) that need to be ad-
21 dressed in areas where there is high prevalence of
22 multidrug resistant tuberculosis.
23 "(3) GLOBAL ALLIANCE FOR TUBERCULOSIS
24 DRUG DEVELOPMENT.—The term 'Global Alliance
25 for Tuberculosis Drug Development' means the pub-

lic-private partnership that brings together leaders in health, science, philanthropy, and private industry to devise new approaches to tuberculosis and to ensure that new medications are available and affordable in high tuberculosis burden countries and other affected countries.

''(5) STOP TB STRATEGY.—The term 'Stop TB Strategy' means the 6-point strategy to reduce tuberculosis developed by the World Health Organization, which is described in the Global Plan to Stop TB 2006–2015: Actions for Life, a comprehensive plan developed by the Stop TB Partnership that sets out the actions necessary to achieve the millennium development goal of cutting tuberculosis deaths and disease burden in half by 2015.

''(6) STOP TUBERCULOSIS PARTNERSHIP.—The term 'Stop Tuberculosis Partnership' means the partnership of the World Health Organization, donors including the United States, high tuberculosis burden countries, multilateral agencies, and nongovernmental and technical agencies committed to short- and long-term measures required to control and eventually eliminate tuberculosis as a public health problem in the world.''.

(c) ASSISTANCE TO COMBAT MALARIA.—Subtitle A of title III of the United States Leadership Against HIV/AIDS, Tuberculosis and Malaria Act of 2003 (22 U.S.C. 7631 et seq.) is amended—

(1) by redesignating section 303 as section 303A;

(2) in the heading of section 303A (as redesignated), by inserting ''**OTHER PROVISIONS RELATING TO**'' before ''**ASSISTANCE**''; and

(3) by inserting before section 303A (as redesignated) the following new section:

''SEC. 303. ASSISTANCE TO COMBAT MALARIA.

''(a) FINDING.—Congress finds that malaria kills more people annually than any other communicable disease except tuberculosis, that more than 90 percent of all malaria cases are in sub-Saharan Africa, and that children and women are particularly at risk. Congress recognizes that there are cost-effective tools to decrease the spread of malaria and that malaria is a curable disease if promptly diagnosed and adequately treated.

''(b) POLICY.—It is a major objective of the foreign assistance program of the United States to provide assistance for the prevention, control, treatment, and cure of malaria.

1 ''(c) AUTHORIZATION.—To carry out this section and
2 consistent with section 1321 of the Global Partnerships
3 Act of 2012, the President is authorized to furnish assist-
4 ance, on such terms and conditions as the President may
5 determine, for the prevention, treatment, control, and
6 elimination of malaria.

7 ''(d) COORDINATION.—In carrying out this section,
8 the President shall coordinate with the World Health Or-
9 ganization, the Global Fund to Fight AIDS, Tuberculosis,
10 and Malaria, the Department of Health and Human Serv-
11 ices (the Centers for Disease Control and Prevention and
12 the National Institutes of Health), and other organiza-
13 tions with respect to the development and implementation
14 of a comprehensive malaria control program.''.

15 (d) TECHNICAL AND CONFORMING AMENDMENTS.—
16 The United States Leadership Against HIV/AIDS, Tuber-
17 culosis and Malaria Act of 2003 (22 U.S.C. 7601 et seq.)
18 is amended—

19 (1) in section 3(12), by striking ''Foreign As-
20 sistance Act of 1961'' and inserting ''Global Part-
21 nerships Act of 2012'';

22 (2) in section 101(f)(1)(A), by inserting at the
23 end before the period the following: ''(as such sec-
24 tions were in effect on the day before the date of the
25 enactment of the Global Partnerships Act of 2012)'';

(3) in section 202(d)(4)(B)—

(A) in clause (iii), by striking ''section 104A of the Foreign Assistance Act of 1961 (as added by section 301 of this Act)'' and inserting ''section 301 of this Act''; and

(B) in clause (iv), by striking ''sections 104A, 104B, and 104C of the Foreign Assistance Act of 1961 (as added by title III of this Act)'' and inserting ''sections 301, 302, and 303 of this Act'';

(4) in section 204(b)(1), by striking ''section 129 of the Foreign Assistance Act of 1961 (22 U.S.C. 2152)'' and inserting ''section 1132 of the Global Partnerships Act of 2012'';

(5) in section 301A (as redesignated)—

(A) in subsection (b)—

(i) in paragraph (1)—

(I) by striking ''section 104(c) of the Foreign Assistance Act of 1961 (22 U.S.C. 2151b(c))'' and inserting ''section 1304 of the Global Partnerships Act of 2012''; and

(II) by striking ''section 104A of the Foreign Assistance Act of 1961,

as added by subsection (a)'' and inserting ''section 301''; and

(ii) in paragraph (3), by striking ''section 104A(d)(4) of the Foreign Assistance Act of 1961 (as added by subsection (a))'' and inserting ''section 301(d)(5)''; and

(B) in subsection (d), by striking ''under section 104A of the Foreign Assistance Act of 1961'' and inserting ''under section 1304 of the Global Partnerships Act of 2012'';

(6) in section 302A(b)(1) (as redesignated)—

(A) by striking ''section 104(c) of the Foreign Assistance Act of 1961 (22 U.S.C. 2151b(c))'' and inserting ''section 1304 of the Global Partnerships Act of 2012''; and

(B) by striking ''section 104B of the Foreign Assistance Act of 1961, as added by subsection (a)'' and inserting ''section 302''; and

(7) in section 303A(b)(1) (as redesignated)—

(A) by striking ''section 104(c) of the Foreign Assistance Act of 1961 (22 U.S.C. 2151b(c))'' and inserting ''section 1304 of the Global Partnerships Act of 2012''; and

(B) by striking ''section 104C of the Foreign Assistance Act of 1961, as added by subsection (a)'' and inserting ''section 303'';

(8) in section 304A (as redesignated)—

(A) in subsection (e), by striking ''section 104C of the Foreign Assistance Act of 1961 (22 U.S.C. 2151b–4)'' and inserting ''section 303''; and

(B) in subsection (f), by striking ''section 104C'';

(9) in section 312(c)(4)(C)(ii), by striking ''104A(f) of the Foreign Assistance Act of 1961'' and inserting ''section 301(f)''; and

(10) in section 403—

(A) in subsection (a)(4), by striking ''section 104A(e) of the Foreign Assistance Act of 1961 (22 U.S.C. 2151b–2(e))'' and inserting ''section 301(e) of this Act''; and

(B) in subsection (d)(4), by striking ''section 104A(b)(1)(A) of the Foreign Assistance Act of 1961 (22 U.S.C. 2151b–2(b)(1)(A))'' and inserting ''section 301(b)(1)(A) of this Act''.

(e) CLERICAL AMENDMENT.—The table of contents in section 1(b) of the United States Leadership Against

1 HIV/AIDS, Tuberculosis and Malaria Act of 2003 (22
2 U.S.C. 7601 note) is amended by striking the items relat-
3 ing to sections 301 through 303 and inserting the fol-
4 lowing new items:

"Sec. 301. Assistance to combat HIV/AIDS.
"Sec. 301A. Other provisions relating to assistance to combat HIV/AIDS.
"Sec. 302. Assistance to combat tuberculosis.
"Sec. 302A. Other provisions relating to assistance to combat tuberculosis.
"Sec. 303. Assistance to combat malaria.
"Sec. 303A. Other provisions relating to assistance to combat malaria.".

5 (f) TRANSFER OF PRIOR YEAR FUNDS.—Unobli-
6 gated balances of funds made available under sections
7 104A, 104B and 104C of the Foreign Assistance Act of
8 1961 (as in effect on the day before the date of the enact-
9 ment of this Act) shall be transferred to, merged with,
10 and made available for the same purposes as funds made
11 available under sections 301, 302 and 303, respectively,
12 of the United States Leadership Against HIV/AIDS, Tu-
13 berculosis and Malaria Act of 2003 (as added by this sec-
14 tion).

15 **SEC. 12102. AMENDMENTS TO THE MILLENNIUM CHAL-**
16 **LENGE ACT OF 2003.**

17 (a) EXTENSION OF COMPACTS.—Section 609(j) of
18 the Millennium Challenge Act of 2003 (22 U.S.C. 7708(j))
19 is amended to read as follows:

20 "(j) EXTENSION OF COMPACT.—

"(1) IN GENERAL.—Except as provided under paragraph (2), the duration of a Compact shall not exceed 5 years.

"(2) EXCEPTION.—The duration of a Compact may be extended beyond 5 years if—

"(A) the Compact was signed prior to the date of enactment of the Global Partnerships Act of 2012;

"(B) the Board determines that a project included in the Compact cannot be completed in 5 years or less;

"(C) the Board approves an extension of the Compact that does not extend the total duration of the Compact beyond 7 years; and

"(D) the appropriate congressional committees are notified in accordance with subsection (i).".

(b) CONCURRENT AND SUBSEQUENT COMPACTS.—

(1) IN GENERAL.—Section 609(k) of the Millennium Challenge Act of 2003 (22 U.S.C. 7708(k)) is amended to read as follows:

"(k) CONCURRENT AND SUBSEQUENT COMPACTS.—

"(1) IN GENERAL.—Subject to paragraph (2), and in accordance with the requirements of this title, an eligible country and the United States—

"(A) may enter into and have in effect more than one Compact at any given time; and

"(B) may enter into subsequent Compacts after the expiration of existing Compacts.

"(2) REQUIREMENTS.—An eligible country and the United States may enter into concurrent or subsequent Compacts if the Board determines that such country—

"(A) is making or has made significant, consistent progress in implementing the terms of any existing or prior Compact; and

"(B) will contribute, in the case of a candidate country as defined in section 606(a), not less than 7.5 percent of the total amount agreed upon for a subsequent Compact, or in the case of a candidate country as defined in section 606(b), not less than 15 percent of the total amount agreed upon for a subsequent Compact.

"(3) FUNDING.—The Corporation shall commit any funding for a concurrent Compact at the time it funds the Compact.

"(4) TIMING.—A concurrent Compact shall be signed not later than 2 years after the signing of the earlier Compact.

"(5) LIMITATION.—The Corporation may provide not more than 15 years of Compact funding to any country.".

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) applies with respect to Compacts entered into between the United States and an eligible country under the Millennium Challenge Act of 2003 (22 U.S.C. 7701 et seq.) before, on, or after the date of the enactment of this Act.

(c) MAINTAINING CANDIDATE STATUS FOR PURPOSES OF INCOME CATEGORY.—Section 606 of the Millennium Challenge Act of 2003 (22 U.S.C. 7705) is amended—

(1) in subsection (a)—

(A) in paragraph (1)—

(i) in the heading, by striking "FISCAL YEAR 2004" and inserting "IN GENERAL";

(ii) in the matter preceding subparagraph (A), by striking "for fiscal year 2004" and inserting "for a fiscal year";

(iii) in subparagraph (A) to read as follows:

"(A) the country—

"(i) has a per capita income that is not greater than the World Bank's lower middle income country threshold for such fiscal year; and

"(ii) is among the 75 lowest per capita income countries, as identified by the World Bank; and"; and

(iv) in subparagraph (B), by striking "subject to paragraph (3)" and inserting "subject to paragraph (2)";

(B) by striking paragraph (2); and

(C) by redesignating paragraph (3) as paragraph (2);

(2) in subsection (b)—

(A) in paragraph (1)—

(i) in the matter preceding subparagraph (A), by striking "for fiscal year 2006 or a subsequent fiscal year" and inserting "for a fiscal year"; and

(ii) by striking subparagraphs (A) and (B) and inserting the following:

"(A) has a per capita income that is not greater than the World Bank's lower middle income country threshold for such fiscal year;

"(B) is not among the 75 lowest per capita income countries as identified by the World Bank; and

"(C) meets the requirements under subsection (a)(1)(B)."; and

(B) in paragraph (2)—

(i) by striking "for fiscal year 2006 or any subsequent fiscal year" and inserting "for a fiscal year"; and

(ii) by striking "for fiscal year 2006 or the subsequent fiscal year, as the case may be" and inserting "for such fiscal year";

(3) by redesignating existing subsection (c) as subsection (d); and

(4) by inserting after subsection (b) the following:

"(c) MAINTAINING CANDIDATE STATUS.—Any candidate country whose per capita income changes in a given fiscal year such that the country's income classification as 'low income' or 'lower middle income' changes, shall retain its candidacy at the former income category for the year of such transition and for the two subsequent fiscal years.".

(d) CONFORMING AMENDMENTS.—The Millennium Challenge Act of 2003 is amended—

(1) in section 603(1)(A) (22 U.S.C. 7702(1)(A)), by striking ''International Relations'' and inserting ''Foreign Affairs'';

(2) in section 605(e)(4) (22 U.S.C. 7704(e)(4))—

(A) by striking ''The prohibitions on use of funds contained in paragraphs (1) through (3) of section 104(f) of the Foreign Assistance Act of 1961 (22 U.S.C. 2151b(f)(1)–(3))'' and inserting ''The principles and restrictions on use of funds contained in section 1305 of the Global Partnerships Act of 2012''; and

(B) by striking ''part I'' and inserting ''title I'';

(3) in section 606(a)(1)(B) (22 U.S.C. 7705(a)(1)(B))—

(A) by striking ''part I of the Foreign Assistance Act of 1961'' and inserting ''title I of the Global Partnerships Act of 2012''; and

(B) by striking ''any provision of the Foreign Assistance Act of 1961'' and inserting ''any provision of the Global Partnerships Act of 2012''; and

(4) in section 614(d) (22 U.S.C. 7713(d)), by striking ''Foreign Assistance Act of 1961 (22 U.S.C. 2151 et seq.)'' and inserting ''Global Partnerships Act of 2012''.

SEC. 12103. AMENDMENTS TO THE MIGRATION AND REFUGEE ASSISTANCE ACT OF 1962.

Section 2(c) of the Migration and Refugee Assistance Act of 1962 (22 U.S.C. 2601(c)) is amended—

(1) in paragraph (1), by striking ''President'' and inserting ''Secretary of State''; and

(2) in paragraph (2), by striking ''$100,000,000'' and inserting ''$200,000,000''.

SEC. 12104. AMENDMENTS TO THE FULBRIGHT-HAYS ACT.

The Mutual Educational and Cultural Exchange Act of 1961 (commonly known as the ''Fulbright-Hays Act'') is amended—

(1) in section 102(b)(3) (22 U.S.C. 2452(b)(3)), by inserting '', hospital centers for medical education and research, and other'' after ''operation of schools''; and

(2) in section 112(a)(5) (22 U.S.C. 2460(a)(5)) to read as follows:

''(5) the American Schools and Hospitals Abroad Program which provides financial assistance to the operations of American-sponsored schools,

hospital centers for medical education and research, and other institutions of learning abroad;''.

Subtitle B—Repeals

SEC. 12201. REPEAL OF LAWS INCORPORATED IN THIS ACT.

The following provisions of law are hereby repealed:

(1) The Foreign Assistance Act of 1961 (Public Law 87–195).

(2) The Arms Export Control Act (Public Law 90–629).

(3) Sections 664 and 665 of the Foreign Relations Authorization Act, Fiscal Year 2003 (Public Law 107–228).

(4) Sections 2121 and 2122 of the ADVANCE Democracy Act of 2007 (title XXI of Public Law 110–53).

(5) Section 7307 of title 10, United States Code.

(6) Section 12001 of the Department of Defense Appropriations Act, 2005 (Public Law 108–287).

SEC. 12202. REPEAL OF LAWS INCONSISTENT WITH THIS ACT.

Sections 1511, 1522, and 1523(d) of the Foreign Affairs Reform and Restructuring Act of 1998 (division G of Public Law 105–277) are hereby repealed.

SEC. 12203. REPEAL OF OBSOLETE PROVISIONS OF LAW.

The following provisions of law are hereby repealed:

(1) The Trafficking Victims Protection Reauthorization Act of 2003 (Public Law 108–193).

(2) The Torture Victims Relief Reauthorization Act of 2003 (Public Law 108–179).

(3) The HELP Commission Act (section 637 of division B of Public Law 108–99).

(4) The International Anti-Corruption and Good Governance Act of 2000 (Public Law 106–309).

(5) The Iraq Liberation Act of 1998 (Public Law 105–338).

(6) The Agriculture Export Relief Act of 1998 (Public Law 105–194).

(7) Title I of the International Narcotics Control Corrections Act of 1994 (Public Law 103–447).

(8) The South African Democratic Transition Support Act of 1993 (Public Law 103–149).

(9) Public Law 102–270 (relating to the peace process in Liberia).

(10) Title III of the Conventional Forces in Europe Treaty Implementation Act of 1991.

(11) The Emergency Supplemental Persian Gulf Refugee Assistance Act of 1991 (Public Law 102–45).

(12) The Emergency Supplemental Assistance for Israel Act of 1991 (Public Law 102–21).

(13) The Urgent Assistance for Democracy in Panama Act of 1990 (Public Law 101–243).

(14) The Survival Assistance to Victims of Civil Strife in Central America (Public Law 101–215).

(15) The Bangladesh Disaster Assistance Act of 1988 (Public Law 100–576).

(16) The International Cooperation to Protect Biological Diversity (Public Law 100–530).

(17) The Overseas Private Investment Corporation Amendments Act of 1988 (Public Law 100–461).

(18) The American Aid to Poland Act of 1988 (Part II of Public Law 100–418).

(19) Public Law 100–276 (relating to peace, democracy and reconciliation in Central America).

(20) The Special Foreign Assistance Act of 1986 (Public Law 99–529).

(21) The Jordan Supplemental Economic Assistance Authorization Act of 1985 (Public Law 99–88).

(22) The African Famine Relief and Recovery Act of 1985 (Public Law 99–8).

(23) The International Security and Development Assistance Authorizations Act of 1983 (Public Law 98–151).

(24) The Lebanon Emergency Assistance Act of 1983 (Public Law 98–43).

(25) The International Security and Development Cooperation Act of 1981 (Public Law 97–113).

(26) The International Security and Development Cooperation Act of 1980 (Public Law 96–533), other than section 110 and title V of such Act.

(27) The International Development Cooperation Act of 1979 (Public Law 96–92).

(28) The International Security Assistance Act of 1979 (Public Law 96–53).

(29) The Special International Security Assistance Act of 1979 (Public Law 96–35).

(30) The International Development and Food Assistance Act of 1978 (Public Law 95–424).

(31) The International Security Assistance Act of 1978 (Public Law 95–384).

(32) The International Security Assistance Act of 1977 (Public Law 95–92).

(33) The International Development and Food Assistance Act of 1977 (Public Law 95–88), other than sections 1, 132, and 133 of such Act.

(34) The International Security Assistance and Arms Export Control Act of 1976 (Public Law 94–329), except for section 601.

(35) The International Development and Food Assistance Act of 1975 (Public Law 94–161).

(36) The Foreign Assistance Act of 1974 (Public Law 93–559).

(37) The Emergency Security Assistance Act of 1973 (Public Law 93–199).

(38) The Foreign Assistance Act of 1973 (Public Law 93–189).

(39) The Foreign Assistance Act of 1971 (Public Law 92–226).

(40) The Act entitled, ''An Act to Amend the Foreign Military Sales Act, and for other purposes,'' approved January 12, 1971 (Public Law 91–672).

(41) The Special Foreign Assistance Act of 1971 (Public Law 91–652).

(42) The Foreign Assistance Act of 1968 (Public Law 90–554).

(43) The Foreign Assistance Act of 1964 (Public Law 88–633).

(44) The Latin American Development Act (Public Law 86–735).

SEC. 12204. REPEAL OF UNNECESSARY REPORTING REQUIREMENTS.

The following provisions of law are repealed:

(1) Section 560(g) of Public Law 103–87.

(2) Section 104 of Public Law 102–511.

(3) Section 1012(c) of Public Law 103–337.

(4) Subsections (c)(4) and (c)(5) of section 601 of Public Law 96–465.

(5) Section 585 of division A of Public Law 104–208.

(6) Section 8 of Public Law 107–245.

(7) Section 807 of Public Law 98–164.

Subtitle C—Savings Provisions

SEC. 12301. REFERENCES TO FORMER AUTHORITIES.

(a) IN GENERAL.—Effective beginning on the date of the enactment of this Act—

(1) any reference to part I of the Foreign Assistance Act of 1961 shall be deemed to be a reference to title I of this Act;

(2) any reference to section 104(f) of the Foreign Assistance Act of 1961 shall be deemed to be a reference to section 1305 of this Act;

(3) any reference to section 104A, 104B, or 104C of the Foreign Assistance Act of 1961 shall be deemed to be a reference to section 301, 302, or 303, respectively, of the United States Leadership Against HIV/AIDS, Tuberculosis and Malaria Act of 2003 (as added by this Act);

(4) any reference to section 109 or 610 of the Foreign Assistance Act of 1961 shall be deemed to be a reference to section 10602 of this Act;

(5) any reference to section 116(a) or 502B of the Foreign Assistance Act of 1961 shall be deemed to be a reference to section 10101 of this Act;

(6) any reference to section 116(d) of the Foreign Assistance Act of 1961 shall be deemed to be a reference to section 3102 of this Act;

(7) any reference to section 451 of the Foreign Assistance Act of 1961 shall be deemed to be a reference to section 10601 of this Act;

(8) any reference to chapter 4 of part II of the Foreign Assistance Act of 1961 shall be deemed to be a reference to subtitle A of title IV of this Act;

(9) any reference to section 614 of the Foreign Assistance Act of 1961 shall be deemed to be a reference to section 10603 of this Act;

(10) any reference to section 620A of the Foreign Assistance Act of 1961 shall be deemed to be a reference to section 10401 of this Act;

(11) any reference to section 620H of the Foreign Assistance Act of 1961 shall be deemed to be a reference to section 10402 of this Act;

(12) any reference to section 620M of the Foreign Assistance Act of 1961 shall be deemed to be a reference to section 10102 of this Act;

(13) any reference to section 632 of the Foreign Assistance Act of 1961 shall be deemed to be a reference to section 11504 of this Act;

(14) any reference to section 634 of the Foreign Assistance Act of 1961 shall be deemed to be a reference to section 9302 of this Act;

(15) any reference to section 634A of the Foreign Assistance Act of 1961 shall be deemed to be a reference to section 9401 of this Act; and

(16) any reference to section 653 of the Foreign Assistance Act of 1961 shall be deemed to be a reference to section 9303 of this Act.

(b) UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT.—References in any provision of law to the ''Agency for International Development'' shall be

deemed to be a reference to the ''United States Agency for International Development''.

SEC. 12302. REPEAL OF PROVISIONS AMENDING OTHER LAWS.

Except as otherwise provided in this Act, the repeal by this Act of any provision of law that amended or repealed another provision of law does not affect in any way that amendment or repeal.

SEC. 12303. SAVINGS PROVISIONS.

(a) IN GENERAL.—Except as may be expressly provided to the contrary in this Act, all determinations, authorizations, regulations, orders, contracts, agreements, and other actions issued, undertaken, or entered into under authority of any provision of law repealed by this Act shall continue in full force and effect until modified by appropriate authority.

(b) CONDITIONS.—Wherever provisions of this Act establish conditions which must be complied with before use may be made of authority contained in, or funds made available to carry out the provisions of, this Act, compliance with, or satisfaction of, substantially similar conditions under provisions repealed by this Act shall be deemed to constitute compliance with the conditions established by this Act.

(c) AVAILABILITY OF FUNDS.—Funds made available pursuant to provisions of law repealed by this Act shall, unless otherwise authorized or provided by law, remain available for their original purposes in accordance with the provisions of law originally applicable thereto, or in accordance with the provisions of law currently applicable to those purposes.

(d) REFERENCES.—References in law to provisions repealed by this Act may hereafter be deemed to be references to corresponding provisions of this Act, on a case-by-case basis as may be appropriate.

(e) CERTAIN PRESIDENTIAL APPOINTEES.—The repeal by this Act of any provision of the Foreign Assistance Act of 1961 providing for the appointment of an individual to a position by the President, by and with the advice and consent of the Senate, and the reenactment by this Act of that provision in substantively identical form does not require the reappointment of the individual holding that position on the effective date of this Act.

(f) GUARANTEES AND LOANS UNDER FORMER AUTHORITY.—Guarantees committed or outstanding under the former authorities of sections 108, 222, and 222A of the Foreign Assistance Act of 1961, as in effect on the day before the date of the enactment of this Act, loans obligated under section 108 on or before such date, the

fees and interest collected in connection with such guarantees and loans, and income on claims receivable with respect to such guarantees and loans, shall continue to be subject to provisions of such Act originally applicable to those guarantees and loans and the Federal Credit Reform Act of 1990.

(g) SEVERABILITY.—If any provision of this Act, or the application of such provision to any person or circumstance, shall be held invalid, the validity of the remainder of this Act, and of the applicability of such provision to other persons or circumstances, shall not be affected thereby.

SEC. 12304. EFFECTIVE DATE.

This Act and the amendments made by this Act shall take effect on the date of the enactment of this Act.

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