

103^D CONGRESS
2^D SESSION

S. 1856

Entitled the “Peace, Prosperity, and Democracy Act of 1994”.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 22, 1994

Mr. PELL (by request) introduced the following bill; which was read twice and referred to the Committee on Foreign Relations

A BILL

Entitled the “Peace, Prosperity, and Democracy Act of 1994”.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Peace, Prosperity, and
5 Democracy Act of 1994”.

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1 SEC. 3. STATEMENT OF POLICY.

2 STATEMENT OF POLICY.—

- 3 (1) The people of the United States are em-**
- 4 barking on a new era of domestic renewal that will**

1 draw strength through expanding cooperation
2 abroad to advance United States economic and polit-
3 ical interests and to meet the challenges of a new
4 century.

5 (2) The interests of the United States are best
6 served by a community of nations that respects indi-
7 vidual human rights and democracy, resolves con-
8 flicts peacefully, engages in free and open trade,
9 uses the world's limited natural resources in a sus-
10 tainable manner, and in which fundamental human
11 needs are met.

12 (3) Sustainable development is in the long-term
13 interest of the United States because without such
14 development, economic, political and security prob-
15 lems will multiply and generate future costs and
16 burdens; and because overpopulation and environ-
17 mental destruction threaten to undercut the best ef-
18 forts of nations to build peace and prosperity.

19 (4) Strengthening democracy and human rights
20 advances United States interests: democracies are
21 conducive to free markets; they are more reliable
22 partners, more receptive to cooperation in environ-
23 mental protection and other global problems, and
24 less prone to wage war on each other or sponsor ter-
25 rorism. Strengthening democracy is especially criti-

1 cal to achieving what must remain an overriding
2 goal of the United States: helping to create a world
3 in which respect for human rights and fundamental
4 freedoms can flourish.

5 (5) In this new era of more diffuse challenges
6 to the security of the United States, the United
7 States recognizes the need to maintain and restore
8 peace through arms control, nonproliferation, re-
9 gional peace processes, and collective defense efforts,
10 and for continued vigilance against a wide-range of
11 increasingly transnational security challenges, in-
12 cluding international narcotics trafficking, terrorism
13 and other international crime that affect the per-
14 sonal safety of the people of the United States.

15 (6) United States Government support for ef-
16 forts to alleviate suffering and help people help
17 themselves reflects the ideals of the people of the
18 United States who have a long and unequalled record
19 of responding quickly and substantially to humani-
20 tarian crises caused by natural and manmade disas-
21 ters.

22 (7) An open and growing world trading system
23 will benefit United States workers through expand-
24 ing global markets and create a more prosperous
25 and secure world. Promotion of broad-based eco-

1 nomic growth in developing countries is an impor-
2 tant means for expanding the fastest growing mar-
3 kets for United States exports.

4 (8) Diplomacy effectively advances United
5 States security and prosperity, meets long-term glob-
6 al challenges, and builds cooperative arrangements
7 with allies and multilateral organizations.

8 (9) Foreign assistance programs are in the na-
9 tional interest of the United States, and to meet the
10 diverse challenges of a new century, the United
11 States must command a full range of creative for-
12 eign policy tools to shape a comprehensive, long-
13 term approach to promoting the United States na-
14 tional interests reflected in the objectives of this Act:
15 Promoting Sustainable Development, Building De-
16 mocracy, Promoting Peace, Providing Humanitarian
17 Assistance, Promoting Growth Through Trade and
18 Investment, and Advancing Diplomacy.

19 **TITLE I—SUSTAINABLE DEVELOPMENT**

20 **CHAPTER 1—SUSTAINABLE DEVELOPMENT**

21 **AUTHORITIES**

22 **SEC. 1101. STATEMENT OF POLICY.**

23 STATEMENT OF POLICY.—

24 (1) United States prosperity and security in the
25 Twenty-first Century will depend on the successful

1 pursuit of global sustainable development based on
2 an abiding commitment to democratic, free-market
3 principles.

4 (2) The transnational threats of persistent pov-
5 erty, global environmental degradation and rapid
6 population growth threaten to undercut the best ef-
7 forts of the world community to ensure a more pros-
8 perous and peaceful future. Addressing these threats
9 will require, among other things, an appropriate mix
10 of people-to-people, bilateral and multilateral assist-
11 ance to complement local action.

12 (3) The people of the United States have long
13 demonstrated a moral commitment to help those in
14 need and to provide assistance that reflects the tra-
15 ditional humanitarian ideals of the people of the
16 United States.

17 (4) The promotion of long-term, equitable, and
18 environmentally sustainable development can help to
19 prevent humanitarian crises and to reduce the vul-
20 nerability of people, particularly children, to natural
21 and manmade disasters, which are costly in terms of
22 both human life and financial resources.

23 (5) United States support for people-to-people,
24 bilateral and multilateral sustainable development
25 programs must, therefore, be targeted on broad-

1 based, economic growth that reduces hunger and
2 poverty, protects the environment, enhances human
3 capabilities, upholds democratic values, and improves
4 the quality of life for current generations while pre-
5 serving that opportunity for future generations
6 through, among other things, helping the poor ma-
7 jority of women, men, and children in developing
8 countries participate in the development process.

9 (6) Sustainable development efforts will be sig-
10 nificantly enhanced through the broad participation
11 and active engagement of the United States-based
12 private sector, including universities, labor unions,
13 and private voluntary organizations, and the people
14 of each nation as producers, workers, and citizens of
15 their communities, in shaping development policies
16 and in defining, implementing, and evaluating pro-
17 grams and projects.

18 (7) The ultimate measure of success of pro-
19 grams under this title is to reach a point where im-
20 provements in the quality of life and the environ-
21 ment are such that assistance is no longer necessary
22 and can be replaced by new forms of diplomacy, co-
23 operation and commerce.

1 **SEC. 1102. POLICIES CONCERNING SUSTAINABLE DEVELOP-**
2 **MENT PROGRAMS.**

3 (a) PURPOSES OF SUSTAINABLE DEVELOPMENT
4 PROGRAMS.—The promotion of sustainable development is
5 in the long-term interests of the United States. Sustain-
6 able development signifies broad-based, economic growth
7 which protects the environment, enhances human capabili-
8 ties, upholds democratic values, and improves the quality
9 of life for current generations while preserving that oppor-
10 tunity for future generations. The objectives of sustainable
11 development are pursued by supporting the self-help ef-
12 forts of people in developing countries to implement sound
13 policies that increase self-reliance, equity, and productive
14 capacity, to invest in their people, and build effective and
15 accountable indigenous political, economic and social insti-
16 tutions.

17 (b) SUSTAINABLE DEVELOPMENT OBJECTIVES.—
18 The purposes described in subsection (a) can best be
19 achieved through a balanced, participatory and com-
20 prehensive cooperation program targeted on the following
21 four inter-dependent objectives—

22 (1) ENCOURAGING BROAD-BASED ECONOMIC
23 GROWTH.—

24 (A) RATIONALE.—Broad-based economic
25 growth signifies equitable and inclusive eco-
26 nomic expansion in developing countries. Such

1 growth is in the economic, political, and strate-
2 gic interests of the United States because it
3 permits countries to progress toward economic
4 self-reliance, improve the living standards of
5 their citizens, reduce the incidence of poverty,
6 promote food security and nutritional well-
7 being, slow population growth, and increase op-
8 portunities for mutually beneficial international
9 trade and investment. Broadly-based economic
10 progress also improves the prospects for the
11 spread of democracy and political pluralism.
12 Economic stagnation or narrowly based-eco-
13 nomic growth may fuel political instability and
14 threaten international security and cooperation.

15 (B) OBJECTIVE.—Broadly-based, sustain-
16 able growth requires, in addition to sound eco-
17 nomic policies—

18 (i) investments in people, particularly
19 poor people, in the form of health, nutri-
20 tion, education, shelter and other critical
21 social services;

22 (ii) a broader role for and access to
23 markets for both women and men through
24 improved policies that protect and advance
25 economic rights for all citizens without re-

1 gard to gender, race, religion, language or
2 social status, increase self-reliance in meet-
3 ing basic needs, and raise real incomes for
4 poor people;

5 (iii) stronger and more accountable
6 public and private institutions at the local
7 and national level, and sound public invest-
8 ments;

9 (iv) enhanced food security, including
10 improved access to safe food and adequate
11 nutrition through sustainable improve-
12 ments in agriculture and post-harvest food
13 preservation;

14 (v) sound debt management, including
15 responsible relief as appropriate;

16 (vi) investments in people's productive
17 capabilities, including measures to upgrade
18 people's technical and managerial knowl-
19 edge and skills; and

20 (vii) measures to ensure that the poor
21 have access to productive resources, includ-
22 ing affordable and resource-conserving
23 technologies, technical as well as market-
24 related information, and credit, especially
25 for small farms, small and micro-enter-

prises, and the poorest self-employed sector, and otherwise, fully participate in the benefits of growth in employment and income.

(2) PROTECTING THE GLOBAL ENVIRONMENT.—

(A) RATIONALE.—The economic and social well-being and the security of the United States, indeed the health of our citizens, depend critically on the global environment and physical resource base. Consumption patterns, systems of industrial and agricultural production, demographic trends, and use of natural resources directly affect the sustainability of long-term development and growth, and of the ecosystem. Development that does not take account of its environmental consequences will not be economically sustainable in the long run. Improved resource management is a critical element of a balanced pattern of development. Both developed and developing countries share responsibility to present and future generations for the rational and sustainable management of natural resources and for environmental protection. Developing countries not only suffer from

1 the consequences of environmental degradation,
2 but also contribute to that degradation as they
3 struggle to meet the basic needs of their people.
4 Therefore, environmental sustainability cannot
5 be secured without reducing poverty, nor can
6 poverty be eliminated without sustainable man-
7 agement of the natural resource base.

8 (B) OBJECTIVE.—Sustainable development
9 programs authorized by this chapter should ad-
10 dress the root causes of environmental harm,
11 promote environmentally-sound patterns of
12 growth and support improved management of
13 natural resources and protection of the environ-
14 ment. These activities shall include efforts to
15 address urgent global environmental challenges,
16 including the loss of biological diversity and
17 global climate change, as well as efforts to ad-
18 dress significant environmental problems within
19 countries and regions. Such efforts shall seek to
20 promote sound environmental policies and prac-
21 tices which simultaneously enhance long-term
22 economic growth.

23 (3) SUPPORTING DEMOCRATIC PARTICIPA-
24 TION.—

1 (A) RATIONALE.—It is in the national in-
2 terest of the United States and in keeping with
3 our democratic traditions to support democratic
4 aspirations and values, foster the spread of en-
5 during democratic institutions, and encourage
6 universal respect for civil and human rights.
7 The establishment of local governance, civil so-
8 ciety and democratic institutions, including
9 business associations and labor unions, is an es-
10 sential element of the ability of nations to sus-
11 tain development efforts.

12 (B) OBJECTIVE.—Sustainable development
13 programs must help to build and strengthen or-
14 ganizations and institutions that foster partici-
15 pation in economic and political decision-mak-
16 ing at the local and national levels. Such pro-
17 grams shall help promote: respect for human
18 rights and the rule of law; an expanding role
19 for nongovernmental and citizens organizations
20 and their capacity to effectively participate in
21 political and economic decision-making and to
22 implement development programs; means to en-
23 hance citizen access to public information; the
24 ability of all citizens to choose freely their gov-
25 ernment and to hold that government account-

able for its actions; efforts which advance legal, social, and economic equality for women, workers, and minorities; respect for the rights of women, workers, and minorities; and principles of tolerance among and within religious and ethnic groups.

(4) STABILIZING WORLD POPULATION GROWTH.—

(A) RATIONALE.—Excessive population growth rates, among other factors, aggravates poor health, perpetuates poverty, and inhibits saving and investment, particularly investments in people in the form of basic health, child survival, and education services. Continued excessive growth in world population rates will undercut sustainable development efforts. Unsustainable population growth is directly tied to degradation of the natural resource base and the environment and contributes to economic stagnation and political instability. The problems associated with excessive population growth are interrelated with economic and social inequities, particularly the low status of women, and patterns of resource consumption. Excessive population growth impedes develop-

1 ment and retards progress on global issues of
2 direct concern to the United States.

3 (B) OBJECTIVE.—The primary objectives
4 are: to reduce population growth to rates that
5 are consistent with sustainable, broadly-based
6 development, to provide women and men with
7 the means to freely and responsibly choose the
8 number and spacing of their children, and to
9 contribute to improved reproductive health.
10 This calls for a focus on enhanced access to and
11 quality of voluntary family planning services
12 and reproductive health care. This also calls for
13 strong and sustained programs in child survival
14 and the prevention of HIV/AIDS. Improvement
15 of female education and raising the economic
16 and social status of women, carried out within
17 the context of encouraging broad-based eco-
18 nomic growth, are particularly important com-
19 plementary activities that contribute to these
20 objectives.

21 (c) PRINCIPLES.—To achieve the objectives of this
22 section, sustainable development programs authorized by
23 this chapter shall be carried out in accordance with the
24 following principles:

25 (1) POPULAR PARTICIPATION.—

1 (A) IN GENERAL.—Sustainable develop-
2 ment depends for its success on the
3 empowerment of people to make political and
4 economic decisions. Participation, in the form of
5 active involvement of program participants in
6 the identification, design, implementation, and
7 evaluation of development programs is critical
8 to the success of those programs. Therefore, as-
9 sistance under this chapter should incorporate
10 the local-level perspectives of all participants,
11 especially the rural and urban poor and women,
12 in the identification, design, implementation,
13 and evaluation of projects, programs, and devel-
14 opment policies, as well as in the design of
15 country assistance strategies and overall strate-
16 gic objectives.

17 (B) ROLE OF WOMEN IN THE DEVELOP-
18 MENT PROCESS.—The expansion of women's
19 opportunities is essential to reduce poverty,
20 lower population growth and bring about effec-
21 tive and sustainable development. The active in-
22 volvement of women in economic, political, and
23 social activities is necessary to promote democ-
24 racy and to assure sustainable development.
25 Women, including local and indigenous women's

1 groups, must be involved as agents as well as
2 beneficiaries of change in all aspects of the de-
3 velopment process. Women, therefore, should be
4 integrally involved in policies, programs, and
5 projects undertaken to achieve the objectives
6 and purposes of this section.

7 (C) NONGOVERNMENTAL ORGANIZA-
8 TIONS.—For development to be broad-based
9 and sustainable, it is imperative to consult with,
10 and fully engage in the policy and program
11 planning process, nongovernmental organiza-
12 tions representatives of, and knowledgeable
13 about, local people and their interests. Non-
14 governmental organizations, including private
15 voluntary organizations, cooperatives and credit
16 unions, labor unions, women's groups, and in-
17 digenous local organizations, should be fully uti-
18 lized in meeting the objectives and purposes of
19 this section through, among other things, regu-
20 lar involvement in the formulation of develop-
21 ment strategies for countries and sectors.

22 (D) UTILIZATION OF UNITED STATES IN-
23 STITUTIONAL CAPABILITIES.—Programs under-
24 taken to achieve the sustainable development

objectives of this chapter should recognize and take advantage of—

(i) United States capabilities in science and technology;

(ii) access to education and training in United States colleges, universities, and technical training facilities; and

(iii) United States public sector expertise.

This may be encouraged through, among other things, long-term collaboration between public and private institutions of science, technology, and education in the United States and developing countries.

(2) MANAGING FOR RESULTS.—

(A) IN GENERAL.—Assistance cannot substitute for a developing country's own efforts to improve the lives of its people, nor can the United States afford to provide assistance which does not yield enduring results in terms of improving the lives of the poor, encourage a stable and prosperous global order, and contribute to the interests of the people of the United States.

1 (B) COUNTRY REQUIREMENTS.—Sustain-
2 able development programs under this chapter
3 shall be concentrated in countries that have a
4 demonstrated need for such programs, that will
5 make effective use of such programs, and that
6 have a commitment to achieving clear develop-
7 ment objectives. Indicators of such countries in-
8 clude the extent to which: there is a high inci-
9 dence of hunger and poverty, there is an ena-
10 bling environment in which government econom-
11 ics and sound policies are conducive to accom-
12 plishing the sustainable development objectives
13 contained in subsection (b) of this section, gov-
14 ernment decision-making is transparent, gov-
15 ernment institutions are accountable to the
16 public, an independent and honest judiciary is
17 maintained, local government bodies are demo-
18 cratically elected, and political parties, non-
19 governmental organizations and the media oper-
20 ate without undue constraints.

21 (C) MEASURING RESULTS.—The United
22 States assistance program under this chapter
23 will assess the commitment and progress of
24 countries in moving toward the sustainable de-
25 velopment objectives contained in subsection (b)

1 of this section and the contributions made to
2 this progress by assistance provided under this
3 chapter. The United States will establish open
4 and transparent systems to monitor these re-
5 sults, and will be prepared to shift scarce re-
6 sources from unproductive programs, sectors or
7 countries to those which have demonstrated the
8 commitment and ability to use them effectively.

9 (3) INTERNATIONAL COORDINATION.—The
10 United States shall seek wherever possible to coordi-
11 nate its sustainable development program with other
12 bilateral and multilateral donors, as well as with the
13 private sector, in order to maximize the effectiveness
14 of resources allocated to sustainable development.

15 **SEC. 1103 VOLUNTARY COOPERATION IN DEVELOPMENT.**

16 (a) STATEMENT OF POLICY.—

17 (1) The sustained participation of United
18 States private voluntary organizations, labor unions,
19 cooperatives, and credit unions that are engaged in
20 activities that are relevant to the development needs
21 of developing countries serves as an important
22 means of improving the lives of the poor in those
23 countries and enhances the likelihood that the goals
24 of this title will be attained.

1 (2) The sustained participation of United
2 States and overseas cooperatives and credit unions
3 provides an opportunity for people in developing
4 countries to participate directly in democratic deci-
5 sionmaking for their economic and social benefit
6 through ownership and control of business enter-
7 prises and through the mobilization of local capital
8 and saving. These organizations should be utilized in
9 fostering democracy, free markets, and self-help,
10 community-based development.

11 (3) Similarly, sustained participation of United
12 States colleges and universities in the economic de-
13 velopment programs of the developing countries and
14 the building of indigenous university systems that
15 support the educational, research, and service needs
16 of their societies is vital to their achieving sustain-
17 able economic growth and open democratic political
18 systems and, at the same time, supports the inter-
19 nationalization of United States educational institu-
20 tions by strengthening their faculty and the pro-
21 grams available to their students.

22 (4) Such sustained participation would be en-
23 hanced through provisions within the United States
24 Agency for International Development to provide
25 such organizations and institutions with the oppor-

1 tunity to participate in the planning, development
2 and implementation and evaluation of programs that
3 involve those organizations and institutions.

4 (b) PARTNERSHIP RELATIONSHIP.—The President is
5 encouraged to establish a formal, effective, and continuing
6 partnership relationship with private voluntary organiza-
7 tions, cooperatives, and credit unions which have experi-
8 ence in working in developing countries, and with United
9 States colleges and universities, with the objective of en-
10 hancing attainment of the goals set forth in this title. Indi-
11 viduals who are from such organizations and institutions
12 and who have expertise and administrative experience in
13 programs relevant to the development needs of developing
14 countries should be consulted on a regular basis so as to
15 bring their expertise to bear on those objectives.

16 (c) AMERICAN SCHOOLS AND HOSPITALS.—The
17 President is authorized to use funds made available to
18 carry out the provisions of this Act for support of—

19 (1) schools and libraries, outside the United
20 States, that are sponsored by United States citizens
21 and serve as study and demonstration centers for
22 ideas and practices of the United States, and

23 (2) hospital centers for medical education and
24 research, outside the United States, that are spon-
25 sored by United States citizens,

1 where such support is in furtherance of the objectives of
2 this title.

3 **SEC. 1104. MICROENTERPRISE AND OTHER CREDIT PRO-**
4 **GRAMS.**

5 Credit resources can be a cost effective tool in foster-
6 ing sustainable development where borrowers and projects
7 are credit worth and where the costs of such credit assist-
8 ance are capable of being reasonably estimated. Subject
9 to section 8202(i), the President is authorized to provide
10 assistance for credit programs in furtherance of the sus-
11 tainable objectives, as follows:

12 (1) MICRO- AND SMALL-ENTERPRISE DEVELOP-
13 MENT.—To promote the full participation in a coun-
14 try's economy by all members of society through in-
15 creased access to formal financial markets.

16 (2) SHELTER, URBAN DEVELOPMENT, AND EN-
17 VIRONMENTAL INFRASTRUCTURE.—To address
18 needs and shelter, urban services and facilities, and
19 urban environmental management systems, including
20 water treatment and waste disposal systems.

21 (3) OTHER PROJECTS AND PROGRAMS.—To
22 carry out other purposes of this chapter that can be
23 met with credit resources.

1 **SEC. 1105. AVAILABILITY OF FUNDS.**

2 The President is authorized to carry out programs
3 in support of the sustainable development objectives of
4 this chapter. Funds shall be available to carry out the pro-
5 visions of this chapter as authorized and appropriated to
6 the President each fiscal year.

7 **CHAPTER 2—DEVELOPMENT FUND FOR AFRICA**

8 **SEC. 1201. SUSTAINABLE DEVELOPMENT PROGRAMS AND**
9 **SUB-SAHARAN AFRICA.**

10 (a) STATEMENT OF POLICY.—

11 (1) Sub-Saharan Africa faces serious obstacles
12 to sustainable development, including high levels of
13 poverty, high levels of disease burden especially trop-
14 ical diseases and HIV/AIDS, environmental degrada-
15 tion, high population growth rates and, in some
16 countries, civil conflicts that threaten the welfare of
17 millions of people.

18 (2) Sub-Saharan Africa is also undergoing sig-
19 nificant but fragile economic, social, and political
20 change, including economic reforms and transition to
21 democracies, which hold promise of progress in sus-
22 tainable development.

23 (3) Sub-Saharan Africa possesses numerous
24 species, as well as major forest reserves, which will
25 become increasingly threatened in the absence of
26 sustainable development.

1 (4) The challenges facing sub-Saharan Africa
2 require a steady, long-term approach to develop-
3 ment, and therefore the purpose of the Development
4 Fund for Africa shall continue to be to help the poor
5 majority of men and women in sub-Saharan Africa
6 to participate in a process of long-term development
7 through economic growth that is equitable,
8 participatory, environmentally sustainable and self-
9 reliant.

10 (5) Experience has shown that in order to be
11 effective and sustainable, assisted development
12 projects and programs must be based on local con-
13 sultation and involvement.

14 (6) By addressing the broad sustainable devel-
15 opment objectives of encouraging broad-based eco-
16 nomic growth, reducing excessive population growth
17 rates, preserving the environment, and strengthening
18 democratic governance and expanding popular par-
19 ticipation, programs for sub-Saharan Africa can di-
20 rectly improve the lives of the poor majority of Afri-
21 cans.

22 (b) LOCAL PERSPECTIVES.—In carrying out sustain-
23 able development programs for sub-Saharan Africa, the
24 local-level perspectives of the rural and urban poor, includ-
25 ing women, in sub-Saharan Africa shall be taken into ac-

1 count during the planning process for project and program
2 assistance.

3 (c) AVAILABILITY OF FUNDS.—Funds appropriated
4 to carry out the provisions of chapter 1 for sustainable
5 development programs may be made available, in accord-
6 ance with the provisions of that chapter, to carry out such
7 programs for sub-Saharan Africa.

8 (d) RELATIONSHIP TO CERTAIN PROVISIONS OF
9 LAW.—Assistance may be furnished for activities under
10 this chapter notwithstanding sections 7201(a)(7) and
11 8402 of this Act, and any similar provisions of law.

12 **CHAPTER 3—ROLE OF RELATED PROGRAMS**

13 **SEC. 1301. STATEMENT OF POLICY REGARDING ROLE OF**
14 **INTERNATIONAL FINANCIAL INSTITUTIONS.**

15 (a) By fostering sound macroeconomic policies, the
16 international financial institutions—

17 (1) further the interest of the United States in
18 a free, open, and stable international economic and
19 financial system; and

20 (2) encourage developing countries to partici-
21 pate more fully in the world economy, thus expand-
22 ing the opportunities for United States exports and
23 investment.

24 (b) At the same time, structural and sectoral level
25 reforms supported by the international financial institu-

1 tions, and programs aimed at addressing such problems
2 as basic education, environmental protection, health, and
3 population, should reinforce the goals of United States
4 sustainable development programs.

5 (c) The increasing coordination of the activities of the
6 international financial institutions with those of bilateral
7 assistance programs provides an opportunity for those in-
8 stitutions to be informed of local perspectives, priorities,
9 and capabilities best gained through decentralized, con-
10 sultative processes.

11 (d) The United States should give priority to develop-
12 ing an international consensus on good governance, ac-
13 countability and transparency, the rule of law, and public
14 participation as central to the development process.

15 (e) The ability of international financial institutions
16 to serve these ends depends on maintenance of strong
17 United States influence in them and fulfillment of United
18 States financial commitments.

19 **SEC. 1302. STATEMENT OF POLICY REGARDING ROLE OF**
20 **PEACE CORPS.**

21 (a) The purposes of the Peace Corps, as set forth in
22 the Peace Corps Act, are consistent with a fundamental
23 objective of this Act—to broaden the participation of peo-
24 ple in developing countries in the economic and social life
25 of their countries.

1 (b) The benefits provided by both the sustainable de-
2 velopment programs authorized by this Act and programs
3 authorized by the Peace Corps Act will be enhanced by
4 collaboration that, while not infringing on the traditional
5 autonomy of the Peace Corps, recognizes that the ability
6 of the Peace Corps to address issues of concern to the
7 people of developing countries at the grassroots level com-
8 plements the programs authorized by this Act.

9 **SEC. 1303. STATEMENT OF POLICY REGARDING ROLE OF**
10 **AFRICAN DEVELOPMENT AND INTER-AMER-**
11 **ICAN FOUNDATIONS.**

12 (a) The purposes of the Inter-American Foundation
13 and the African Development Foundation as set forth in
14 section 401(b) and 504 of their respective Acts are con-
15 sistent with fundamental premises of sustainable develop-
16 ment programs, such as the need to expand the participa-
17 tion of individuals in social and economic institutions so
18 that they have a stake in the resolution of social and eco-
19 nomic issues.

20 (b) Both Foundations have demonstrated that sus-
21 tainable development may be fostered at the local level by
22 responding to the expressed needs of the people who live
23 and work in the local community, and providing them with
24 the means to carry out their own development initiatives.

1 (c) By working at the grassroots level to enhance in-
2 comes, expand social benefits, and encourage increased
3 participation, the programs of the African Development
4 Foundation and the Inter-American Foundation, while
5 independent, are part of an overall framework of support
6 for developing countries which aims to see sustainable de-
7 velopment occur at the local and the national levels.

8 **SEC. 1304. STATEMENT OF POLICY REGARDING ROLE OF**
9 **PUBLIC LAW 480 NON-EMERGENCY TITLE II**
10 **AND TITLE III PROGRAMS.**

11 STATEMENT OF POLICY.—

12 (1) The use of United States agricultural com-
13 modities through the Public Law 480 non-emergency
14 title II program, serves the dual purposes of sup-
15 porting the efforts of poor countries to meet their
16 need for additional food resources while at the same
17 time promoting the long-term sustainable develop-
18 ment efforts of those countries.

19 (2) By giving priority through the Public Law
20 480 title III program to those least developed, food
21 deficit countries with high levels of malnutrition that
22 have long-term plans for broad-based equitable and
23 sustainable development and a demonstrated com-
24 mitment and capacity to use food assistance effec-
25 tively, these programs show a consistency of purpose

1 with the sustainable development programs author-
2 ized by this Act.

3 **TITLE II—BUILDING DEMOCRACY**

4 **SEC. 2001. FINDINGS AND STATEMENT OF POLICY.**

5 (a) FINDINGS.—

6 (1) There is a growing worldwide movement to-
7 ward more open, just and democratic societies. This
8 trend is essential to achieving the United States ulti-
9 mate objective of worldwide respect for human rights
10 and fundamental freedoms without distinction as to
11 race, sex, language or religion. At the same time,
12 this trend holds great promise for promoting the
13 peace of the world and the foreign policy, security,
14 and general welfare of the United States.

15 (2) Expansion of democratic values and systems
16 must be promoted through bilateral, multilateral,
17 and people-to-people programs with the sustained
18 assistance and moral support of the international
19 community, and of the established democracies in
20 particular.

21 (3) Democratic development takes time to take
22 root in society and in the political system. There is
23 a need for the international community to assist in
24 the consolidation of democratic values, practices and

1 institutions to prevent the reversal of democratic
2 trends.

3 (4) Frequently, newly democratizing countries
4 are beset by ethnic conflicts, resurgent nationalism
5 and anti-democratic movements, and political reac-
6 tion to economic reform. A growing number of coun-
7 tries seek to end years of protracted internal conflict
8 through the implementation of internationally-sanc-
9 tioned political settlements, designed to create a
10 democratic form of governance, a durable peace, and
11 the institutional requisites for long-term develop-
12 ment.

13 (5) Furthermore, democratic institutions in
14 countries where democracy has taken root can be
15 similarly threatened by regional and civil unrest, and
16 other threats to international peace and security.

17 (6) Narcotics trafficking, terrorism and other
18 forms of international crime—and the corruption
19 that they engender of political, administrative and
20 other democratic institutions—pose similar threats
21 to such countries, and efforts to combat these
22 scourges need to be integrated into and coordinated
23 with broader efforts to develop and consolidate
24 democratic institutions.

1 (7) To advance, countries in such circumstances
2 may require international assistance not normally in-
3 cluded in humanitarian relief programs, peacekeep-
4 ing operations, or long-term development programs,
5 and the international community needs to be able to
6 respond swiftly to meet such needs.

7 (8) Failure by the United States to respond ef-
8 fectively to threats to democracy and human rights
9 abroad could risk important United States interests,
10 jeopardize substantial savings in United States de-
11 fense that a more democratic and predictable world
12 will bring, imperil United States investments and
13 economic reforms that will result in trade and eco-
14 nomic benefits to the United States, and heighten
15 the risk that many transitions might ultimately fail
16 and generate costly humanitarian emergencies.

17 (9) Accordingly, the United States must have
18 the capacity to respond rapidly, effectively, and in
19 an integrated fashion to the new opportunities and
20 challenges associated with democratic development.

21 (b) STATEMENT OF POLICY.—

22 (1) In addition to promoting strong democratic
23 societies as an integral part of the sustainable devel-
24 opment programs authorized under title I of this
25 Act, it should be the policy of the United States to

1 assist countries making the transition to democracy,
 2 and countries where democratic gains are threat-
 3 ened, by providing timely assistance in building ef-
 4 fective democratic institutions and free market
 5 economies.

6 (2) At the same time, the promotion of democ-
 7 racy is the responsibility of the global community.
 8 The United States should give priority to working
 9 bilaterally and multilaterally to ensure commitment
 10 of substantial resources toward the promotion of de-
 11 mocracy in transitional countries, and to coordinat-
 12 ing policies and programs among institutions and
 13 donors.

14 **CHAPTER 1—PROMOTING DEMOCRACY**

15 **Subchapter A—Countries in Transition**

16 **SEC. 2101. AUTHORITY.**

17 The President may provide assistance under this sub-
 18 chapter for countries—

19 (1) that have recently emerged or are in the
 20 process of emerging as democratic societies; or

21 (2) that have recently emerged or are emerging
 22 from civil strife and either have a democratically-
 23 elected government or are making progress toward
 24 developing a democratic form of government; or

1 (3) where democratic progress or institutions
2 are threatened.

3 **SEC. 2102. OBJECTIVES AND TYPES OF ASSISTANCE.**

4 (a) OBJECTIVES.—Programs under this subchapter
5 should be designed to facilitate the worldwide trend to-
6 ward more open, just and democratic societies, and may
7 include programs to—

8 (1) promote the development of functioning
9 democratic institutions and political pluralism, in-
10 cluding programs to facilitate—

11 (A) establishment of fully democratic and
12 representative political systems based on free
13 and fair elections that permit multi-party par-
14 ticipation;

15 (B) protection of basic human rights and
16 fundamental liberties and individual freedoms
17 including freedom of speech, religion and asso-
18 ciation, access to information and public par-
19 ticipation in decisionmaking;

20 (C) development of legal, legislative, con-
21 stitutional, electoral, journalistic, educational,
22 and other institutions, both governmental and
23 nongovernmental which are essential elements
24 of civil society in free pluralistic societies;

1 (D) establishment and professional devel-
2 opment of non-partisan military, security and
3 police forces, accountable to civil authorities;

4 (E) development of intercommunal conflict
5 resolution mechanisms; and

6 (F) strengthening of policy making skills
7 and accountability of democratic governments;

8 (2) address political, economic and humani-
9 tarian needs that arise in connection with transi-
10 tions, or that if unmet undermine or threaten demo-
11 cratic institutions; and

12 (3) help meet security challenges on a transi-
13 tional basis that threaten to impede or reverse demo-
14 cratic reforms or institutions.

15 (b) Assistance may only be provided to military or
16 law enforcement forces under this subchapter—

17 (1) to orient militaries or law enforcement
18 agencies to their respective roles in a democratic
19 order, including through training, contacts with
20 counterparts in established democracies, and other
21 programs designed to enhance respect for human
22 rights and understanding of principles of civilian
23 control in a democratic society;

24 (2) to enhance the practical accountability of
25 law enforcement agencies to civil justice institutions;

1 (3) to promote demilitarization of society,
2 through programs aimed at demobilization, down-
3 sizing, and rationalization and professionalization of
4 military structures;

5 (4) to the extent otherwise permitted under sec-
6 tion 7104 of this Act; or

7 (5) to meet the challenges described in sub-
8 section (a)(3).

9 In providing assistance under this subsection the Presi-
10 dent shall consider the extent to which the recipients dem-
11 onstrate a commitment to respect human rights and fun-
12 damental freedoms.

13 **SEC. 2103. AVAILABILITY OF FUNDS; AUTHORITIES.**

14 (a) AVAILABILITY OF FUNDS.—Funds shall be avail-
15 able to carry out the provisions of this subchapter as au-
16 thorized and appropriated to the President each fiscal
17 year. The amount of funds that are authorized and appro-
18 priated to carry out the provisions of this subchapter that
19 may be made available for assistance administered
20 through the Department of Defense shall be authorized
21 and appropriated separately.

22 (b) AUTHORITY.—Assistance may be provided under
23 this subchapter notwithstanding any other provision of
24 law.

1 **Subchapter B—Independent States of the Former**
2 **Soviet Union**

3 **SEC. 2201. STATEMENT OF POLICY.**

4 (a) The international community has an unparalleled
5 stake in the success of the democratic and economic trans-
6 formation taking place in the independent states of the
7 former Soviet Union, and the integration of those states
8 into the community of peaceful and democratic nations.

9 (b) United States programs that facilitate this proc-
10 ess constitute and should be seen as critical investments
11 in America's future. The people of the United States and
12 the independent states share an interest in ensuring that
13 assistance is focused on programs that will have lasting
14 effect, that support an ongoing process which can survive
15 the buffeting of political and economic setbacks, and that
16 lay a broad foundation for reform that is not dependent
17 on the success or failure of particular initiatives.

18 (c) United States leadership in supporting reform in
19 the independent states will remain critical. At the same
20 time, the United States must work closely with allies and
21 international institutions to ensure that international sup-
22 port for reform in these states is coordinated, and that
23 the costs of programs to support the ongoing trans-
24 formation is allocated fairly among those with a shared
25 stake in its success.

1 (d) The establishment and development of democratic
2 institutions and market economies in the independent
3 states of the former Soviet Union present among the most
4 important foreign policy challenges of our times. Failure
5 to meet these challenges could threaten United States na-
6 tional security interests and jeopardize substantial savings
7 in United States defense. Success will generate trade and
8 investment opportunities for American businesses from
9 which the United States stands to reap enduring employ-
10 ment and other economic benefits, and the prospects of
11 a more peaceful and stable world having lasting benefits
12 for all.

13 **SEC. 2202. AVAILABILITY OF FUNDS.**

14 Funds shall be available to carry out the provisions
15 of this subchapter as authorized and appropriated to the
16 President each fiscal year. Such funds may be made avail-
17 able on the same basis as funds authorized to be appro-
18 priated for fiscal year 1993 under chapter 11 of part I
19 of the Foreign Assistance Act of 1961. Such funds shall
20 be considered to be assistance under this Act for purposes
21 of making available the administrative authorities con-
22 tained in this Act.

1 **Subchapter C—Central and Eastern Europe**

2 **SEC. 2301. STATEMENT OF POLICY.**

3 It should be the policy of the United States to con-
4 tinue to facilitate the reintegration of Central and East
5 European countries into the community of democratic na-
6 tions based on free enterprise, market economies. United
7 States assistance programs can continue to make a sub-
8 stantial contribution to these objectives by building on ear-
9 lier initiatives, including important ongoing initiatives that
10 were established under the Support for East European
11 Democracy (SEED) Act of 1989. In furtherance of these
12 objectives, the United States should support economic and
13 political reform in Central and East European countries
14 by making available assistance for SEED actions as au-
15 thorized by the SEED Act and for assistance provided
16 under the authorities of this Act to such countries that
17 are taking steps toward—

18 (1) constitutional democracy and political plu-
19 ralism, based on progress toward free and fair elec-
20 tions, and a multi-party political system;

21 (2) economic reform, based on progress toward
22 a market-oriented economy;

23 (3) respect for internationally recognized
24 human rights, and the protection of fundamental
25 civil liberties based on progress toward democratic
26 and independent judicial institutions; and

1 (4) a willingness to build, or continue, a con-
2 structive and lasting relationship with the United
3 States based on shared values and principles.

4 **SEC. 2302. AVAILABILITY OF FUNDS.**

5 Funds shall be available to carry out the provisions
6 of this subchapter as authorized and appropriated to the
7 President each fiscal year. Such funds shall be considered
8 to be assistance under this Act for purposes of making
9 available the administrative authorities contained in this
10 Act.

11 **CHAPTER 2—INFORMATION AND EXCHANGE**

12 **SEC. 2401. POLICY.**

13 (a) IN GENERAL.—The fostering of democratic soci-
14 eties, values, and institutions abroad is crucial to the fu-
15 ture security and prosperity of the United States. Infor-
16 mation and exchange programs carried out by the United
17 States are central to fostering such democratic values and
18 encouraging the development of democratic institutions
19 and processes around the world.

20 (b) ROLE OF PROGRAMS CONDUCTED BY USIA.—
21 Programs administered by the United States Information
22 Agency should support democratization abroad through
23 the communication of knowledge and the exchange of peo-
24 ple, ideas and values, and should promote, through in-
25 country personal contacts, exchanges, training programs,

1 and informational activities, a better understanding of the
2 nature of democracy in such areas as—

3 (1) the role of the citizen and government in
4 democracy and civil society;

5 (2) the principles of a free market economy;

6 (3) respect for the rule of law;

7 (4) the free flow of information;

8 (5) free and fair elections;

9 (6) responsible and representative local govern-
10 ment; and

11 (7) democratic reform of education.

12 **TITLE III—PROMOTING PEACE**

13 **SEC. 3001. STATEMENT OF POLICY.**

14 (a) For over forty years the specter of international
15 communism weighed heavily on United States economic
16 and military assistance priorities. The collapse of com-
17 munism and the end of the Cold War have opened up new
18 possibilities for international cooperation to contain and,
19 more importantly, to prevent conflict, thereby creating the
20 opportunity for realizing international peace and security.

21 (b) Political destabilization, prompted in part by the
22 demise of communism, has also unleashed long suppressed
23 internal and regional conflict in Eastern Europe, the
24 former Soviet Union, and elsewhere. At the same time,
25 the proliferation of weapons of mass destruction and tech-

1 nologies pose unrelenting challenges for peace and security
2 that the international community cannot afford to ignore.

3 (c) In addition, the transnational scourges of narcot-
4 ics trafficking, terrorism and other international criminal
5 activity threaten at the most fundamental level the ability
6 of Americans and others to live their lives in safety.

7 (d) To address such problems during this historic
8 transition in post-Cold War world affairs, United States
9 bilateral and multilateral assistance under this title will
10 be a necessary complement to effective diplomacy and
11 international efforts to secure lasting peace. Failure to in-
12 vest at this time in programs designed to prevent conflict,
13 and to promote international peace and security, threatens
14 the prospects for substantial savings in United States de-
15 fense and other expenditures in the future.

16 **CHAPTER 1—PEACEKEEPING AND RELATED**
17 **PROGRAMS**

18 **SEC. 3101. STATEMENT OF POLICY.**

19 (a) In the wake of the Cold War, serious threats per-
20 sist to the security and interests of the United States, and
21 a range of conflicts within and among states and other
22 humanitarian disasters continue to threaten international
23 peace and security, undermine the stability of regions in
24 the world, generate disruptive flows of refugees, and cause
25 human suffering on a large scale. When the interests of

1 the United States are at stake, including its treaty obliga-
2 tions and humanitarian concerns, it will rely on a variety
3 of unilateral, bilateral, and multilateral means to respond
4 to such conflicts and crises.

5 (b) Diplomacy by our Nation and others can prevent
6 or ameliorate foreign conflicts, crises, and breaches of the
7 peace that could impose higher costs and burdens on the
8 United States if left unaddressed. It is therefore the inten-
9 tion of the Congress through United States leadership to
10 promote the security, welfare, and other foreign policy
11 goals of the United States by supporting timely, preventive
12 diplomatic efforts, unilaterally and in conjunction with
13 other nations.

14 (c) The United States reaffirms its support for ap-
15 propriate peace operations when they advance United
16 States interests, including the fulfillment of United States
17 treaty obligations, or foreign policy goals, such as encour-
18 aging the spread of democratic and market institutions,
19 and addressing grave humanitarian crises. A decision to
20 support or participate in such operations should always
21 be based on an assessment by the United States Govern-
22 ment as to whether United States interests are best served
23 by doing so.

24 **SEC. 3102. GENERAL AUTHORITY.**

25 (a) IN GENERAL.—The President is authorized—

1 (1) to pay assessed and other contributions and
2 expenses of international peacekeeping activities and
3 other international activities directed to the mainte-
4 nance or restoration of international peace and secu-
5 rity, including the provision of related humanitarian
6 relief; and

7 (2) to furnish assistance to foreign countries,
8 and international and regional organizations and ar-
9 rangements for peacekeeping, international activities
10 directed to the restoration or maintenance of inter-
11 national peace and security and other programs car-
12 ried out in furtherance of the national interest of the
13 United States.

14 (b) AVAILABILITY OF FUNDS.—

15 (1) Funds shall be available to carry out the
16 provisions of subsection (a)(1) as authorized and ap-
17 propriated to the President each fiscal year.

18 (2) Funds shall be available to carry out the
19 provisions of subsection (a)(2) as authorized and ap-
20 propriated to the President each fiscal year.

21 (3) If the President determines and reports to
22 Congress that doing so would promote the purposes
23 of this chapter, funds made available under either
24 paragraph (1) or (2) may be transferred to, and
25 consolidated with, funds available for the other such

1 paragraph, and may be used for any of the purposes
2 for which funds under that paragraph may be used.

3 (c) AUTHORITY.—Funds made available to carry out
4 this chapter may be made available notwithstanding any
5 provisions of law that restrict assistance to foreign coun-
6 tries.

7 **SEC. 3103. DRAWDOWN AUTHORITIES.**

8 (a) UNFORESEEN EMERGENCIES.—If the President
9 determines that, as the result of an unforeseen emergency,
10 the provision of assistance under this chapter in amounts
11 in excess of funds otherwise available for such purposes
12 is important to the national interests of the United States,
13 the President may direct the drawdown of articles and
14 services, of an aggregate value not to exceed \$100,000,000
15 in any fiscal year, from the inventory and resources of any
16 agency of the United States Government.

17 (b) REIMBURSEMENT.—There are authorized to be
18 appropriated to the President such sums as may be nec-
19 essary to reimburse the applicable appropriation, fund, or
20 account for articles and services provided under this sec-
21 tion.

**CHAPTER 2—NONPROLIFERATION AND
DISARMAMENT FUND**

SEC. 3201. STATEMENT OF POLICY.

One of the principal threats to the security of the United States in the post-Cold War era is the risk of proliferation of deadly weapons—nuclear, chemical, biological, and advanced conventional weapons—as well as their delivery systems. The United States should give high priority to pursuing arms control agreements and preventing proliferation by supporting and enhancing bilateral and multilateral efforts to—

(1) establish effective controls on destabilizing weapon systems and materials;

(2) dismantle existing systems;

(3) create verifiable safeguards and regimes and effective export controls on related technologies and materials; and

(4) increase the effectiveness and help ensure the implementation of existing nonproliferation and arms control and agreements, particularly in the states of the former Soviet Union and in Central and Eastern Europe.

SEC. 3202. PROVISION OF ASSISTANCE.

Assistance may be provided under this chapter to facilitate—

1 (1) supporting the dismantlement and destruc-
2 tion of nuclear, biological, and chemical weapons,
3 their delivery systems, and conventional weapons;

4 (2) supporting bilateral and multilateral efforts
5 to halt the proliferation on nuclear, biological, and
6 chemical weapons, their delivery systems, related
7 technologies, and other weapons;

8 (3) establishing programs for safeguarding
9 against the proliferation of nuclear, biological, chem-
10 ical and other weapons;

11 (4) establishing programs for preventing diver-
12 sion of weapons-related scientific and technical ex-
13 pertise to terrorist groups or to third countries;

14 (5) increasing effectiveness of existing non-
15 proliferation and arms control agreements and pro-
16 motion of arms control and security in regions of
17 tension;

18 (6) assisting international agencies in the appli-
19 cation of nonproliferation treaty safeguards, in the
20 verification of international nonproliferation regimes,
21 and in the promotion of peaceful uses of technologies
22 and materials related to such weapons; and

23 (7) establishing programs for facilitating the
24 conversion of military technologies and capabilities
25 and defense industries into civilian activities.

1 **SEC. 3203. AVAILABILITY OF FUNDS.**

2 Funds shall be available to carry out the provisions
3 of this chapter as authorized and appropriated to the
4 President each fiscal year.

5 **SEC. 3204. DRAWDOWN AUTHORITIES.**

6 (a) UNFORESEEN EMERGENCIES.—If the President
7 determines that it is in the national interest of the United
8 States to provide assistance under this chapter in amounts
9 in excess of funds otherwise available under this chapter
10 for such purposes, the President may direct the articles
11 and services, of an aggregate value not to exceed
12 \$100,000,000 in any fiscal year, from the inventory and
13 resources of any agency of the United States Government.

14 (b) REIMBURSEMENT.—There are authorized to be
15 appropriated to the President such sums as may be nec-
16 essary to reimburse the applicable appropriation, fund, or
17 account for articles and services provided under this sec-
18 tion.

19 **CHAPTER 3—REGIONAL PEACE, SECURITY AND**
20 **DEFENSE COOPERATION**

21 **SEC. 3301. STATEMENT OF POLICY.**

22 (a) During the Cold War, regional conflicts were
23 often inspired by hegemonist aspirations of aggressive
24 communism. In the post-Cold War era, regional and inter-
25 nal conflicts, fueled by more discrete problems such as eth-
26 nic discord, competing territorial claims and other sources

1 of tension, persist and are among the greatest threats and
2 barriers to the achievement of international peace and sta-
3 bility, and a safe and lawful world order.

4 (b) Prudent investment of United States resources to
5 assist, through bilateral and collective efforts, in prevent-
6 ing or containing armed conflict, in restoring peace and
7 stability, and in addressing the sources of conflict, is es-
8 sential for achieving a peaceful world.

9 (c) Recent successes in the Near East exemplify the
10 value of United States dedication to resolving conflict in
11 an area whose security and stability is of vital interest to
12 the United States—

13 (1) to permit continued progress in reaching a
14 full settlement and a comprehensive, just and lasting
15 peace between Israel and its Arab neighbors, the
16 United States must assist Israel in maintaining ade-
17 quate defense capabilities to ensure its territorial in-
18 tegrity and continued survival; and

19 (2) recognizing that the success of the agree-
20 ment between Israel and the Palestine Liberation
21 Organization will depend in large measure on pro-
22 moting economic development and improving the
23 well-being of people of the West Bank and Gaza, the
24 United States should lead in building peace and
25 prosperity in the Near East through bilateral assist-

1 ance and by encouraging multilateral and other do-
2 nors to contribute the necessary resources to pro-
3 mote sustainable economic development throughout
4 that region.

5 (d) The United States must also build security part-
6 nerships with other allies and friendly nations to assist
7 in their maintaining adequate capabilities to preserve in-
8 ternal security, as well as to engage in collective defense
9 efforts against states that seek territorial expansion or re-
10 gional hegemony.

11 (e) Furthermore, to contribute to an international re-
12 sponse capability, the United States recognizes the need
13 to provide urgent and immediate assistance, bilaterally
14 and multilaterally, to contain and resolve conflicts. To re-
15 spond to such urgent challenges and to promote inter-
16 national vigilance in order to stem incipient regional con-
17 flicts worldwide, the United States sees great value in
18 maintaining alliances, coalitions and other cooperative de-
19 fense relationships that permit more effective collective de-
20 fense efforts.

21 (f) As more conflicts are resolved, and as peacetime
22 conditions permit, continued United States assistance
23 under this chapter should focus increasingly on conflict
24 prevention and the promotion of regional arms control,
25 with an emphasis on nonproliferation and defense edu-

1 cation and training appropriate for a revised military role
2 in a more peaceful and stable world.

3 **SEC. 3302. AUTHORITY AND PURPOSES.**

4 Assistance under this chapter may be provided for the
5 following purposes:

6 (1) To support and promote the process of re-
7 solving conflict and establishing a just and lasting
8 peace, to contribute to the development of institu-
9 tions of democratic government, and to meet eco-
10 nomic, political and security needs, in the Near
11 East.

12 (2) To meet immediate threats to international
13 peace and security posed by regional and internal
14 conflicts through bilateral or multilateral collective
15 defense efforts, and to meet other political, economic
16 and humanitarian threats to security.

17 (3) To enhance the ability of countries world-
18 wide willing to share the burden of contributing to
19 regional alliances, coalition operations, and other col-
20 lective security efforts to counter threats to and
21 maintain international peace and security.

22 **SEC. 3303. CONSIDERATIONS IN PROVIDING DEFENSE CO-**
23 **OPERATION ASSISTANCE.**

24 In providing assistance under this chapter, the Presi-
25 dent should take into account the desirability of shifting

1 resources away from the provision of defense articles to
2 economic development purposes as rapidly as is warranted
3 by the easing of threats to regional peace and security,
4 and the need to maintain ongoing defense relations.

5 **SEC. 3304. AVAILABILITY OF FUNDS.**

6 Funds shall be available to carry out the provisions
7 of this chapter as authorized and appropriated to the
8 President each fiscal year. The amount of funds that are
9 authorized and appropriated to carry out the provisions
10 of this chapter that may be made available for assistance
11 administered through the Department of Defense shall be
12 authorized and appropriated separately.

13 **CHAPTER 4—INTERNATIONAL NARCOTICS TRAF-**
14 **FICKING, TERRORISM AND CRIME PREVEN-**
15 **TION**

16 **SEC. 3401. STATEMENT OF POLICY.**

17 (a) International criminal activities, particularly
18 international narcotics trafficking and international ter-
19 rorism, pose insidious, unparalleled transnational threats
20 in the post-Cold War period, and endanger stability and
21 democratic development.

22 (b) The political and economic upheavals triggered
23 worldwide by international narcotics and crime-related vio-
24 lence and corruption have had a devastating effect in the
25 United States and elsewhere, and make the prevention and

1 suppression of such international criminal activities
2 among the most important foreign policy objectives of the
3 United States.

4 (c) Failure to address the problems of narcotics traf-
5 ficking and related illicit activities will lead inevitably to
6 further and intensified crime, violence, corruption, disease
7 and poverty.

8 (d) The threats posed by terrorism to international
9 peace and security and a stable, safe world order are
10 equally profound, and must be combatted through effec-
11 tive international cooperation, including the provision of
12 training and equipment.

13 (e) The war against narcotics trafficking, inter-
14 national terrorism and other forms of international crimi-
15 nal activity requires the provision of bilateral and multilat-
16 eral assistance by the United States, including as appro-
17 priate through defense establishments, and can be waged
18 most successfully by enlisting broad-based international
19 cooperation that facilitates flexible responses to stem all
20 such activity.

21 (f) In order to combat such activities, it is imperative
22 that international cooperation be improved, and efforts in
23 this regard should include assistance to promote enhanced
24 police investigative techniques, prosecutorial and defense
25 skills, and judicial training and administration.

1 **SEC. 3402. AUTHORITIES.**

2 Assistance under this chapter may be provided for the
3 following purposes:

4 (1) To control narcotics and psychotropic drugs
5 and other controlled substances including through
6 programs to promote alternative development, and
7 including through enforcement, demand reduction
8 and treatment programs.

9 (2) To enhance the rule of law and the ability
10 of law enforcement and, as appropriate, defense per-
11 sonnel of foreign countries to combat international
12 criminal activity including corruption, money laun-
13 dering, economic crimes, illegal trade, narcotics
14 manufacturing and trafficking and terrorism.

15 (3) To enhance anti-terrorism skills of foreign
16 law enforcement and, as appropriate, defense per-
17 sonnel to deter terrorists and terrorist groups from
18 engaging in international terrorist acts such as
19 bombing, kidnapping, assassination, hostage-taking
20 and hijacking.

21 (4) To provide concrete anti-crime, anti-terror-
22 ism and anti-narcotics assistance to friendly coun-
23 tries to strengthen bilateral ties and to increase re-
24 spect for human rights by sharing with foreign civil
25 authorities modern, humane and effective anti-crime
26 and anti-terrorism techniques.

1 (5) To combat through effective cooperation
2 international criminal activity, including organized
3 crime and its role in attempting to influence the
4 process of government, and to increase international
5 awareness of the need for concerted efforts through
6 bilateral and multilateral means, such as the United
7 Nations Commission on Crime Prevention and
8 Criminal Justice.

9 (6) To promote international criminal justice,
10 including through assistance to promote enhanced
11 police investigative techniques, prosecutorial and de-
12 fense skills, and judicial training and administration.

13 **SEC. 3403. PROVISIONS RELATED TO ANTI-NARCOTICS PRO-**
14 **GRAMS.**

15 (a) FURNISHING ASSISTANCE.—The President is au-
16 thorized to furnish assistance under this chapter for the
17 purposes of controlling narcotics and psychotropic drugs
18 and other controlled substances notwithstanding any other
19 provision of law, and is authorized to furnish narcotics-
20 related assistance under other provisions of this title not-
21 withstanding any other provision of law that restricts as-
22 sistance to foreign countries (except section 7201(a)(6)).

23 (b) AGREEMENTS WITH OTHER COUNTRIES.—In
24 order to promote cooperation for the purposes of this
25 chapter, the President is authorized to conclude agree-

1 ments, including reciprocal maritime agreements, with
2 other countries to facilitate control of the production,
3 processing, transportation, and distribution of narcotics
4 analgesics, including opium and its derivatives, other nar-
5 cotic and psychotropic drugs, and other controlled sub-
6 stances.

7 (c) CONTRIBUTION BY RECIPIENT COUNTRY TO
8 COUNTER-NARCOTICS EFFORTS.—To ensure local com-
9 mitment to the anti-narcotics activities assisted under this
10 chapter, the government of a country receiving such assist-
11 ance under this chapter should bear an appropriate share
12 of the costs of any narcotics control program, project, or
13 activity for which such assistance is to be provided. The
14 government of a country may bear such costs on an “in
15 kind” basis.

16 (d) USE OF HERBICIDES FOR AERIAL ERADICATION
17 OF NARCOTICS.—The President, with the assistance of ap-
18 propriate Federal agencies, shall monitor the use of any
19 herbicides provided under this chapter for aerial eradi-
20 cation in order to determine the impact of such use on
21 the environment and on the health of individuals.

22 (e) LIMITATIONS ON USES OF AIRCRAFT AND OTHER
23 EQUIPMENT.—The President shall take all reasonable
24 steps to ensure that aircraft and other equipment made
25 available to foreign countries for purposes described in

1 section 3402(1) are used only in ways that are consistent
2 with the purposes for which such equipment was made
3 available. In the reports submitted pursuant to section
4 7303, the President shall discuss any evidence indicating
5 misuse by a foreign country of aircraft or other equipment
6 made available for purposes described in section 3402(1),
7 and the actions taken by the United States Government
8 in accordance with this Act to prevent future misuse of
9 such equipment by that foreign country.

10 (f) PROHIBITION ON ASSISTANCE TO DRUG TRAF-
11 FICKERS.—The President shall take all reasonable steps
12 to ensure that assistance under this Act is not provided
13 to or through any individual or entity that has been con-
14 victed of, or against whom a government has formal crimi-
15 nal charges pending regarding, a violation of, or a conspir-
16 acy to violate, any law or regulation of the United States,
17 a State or the District of Columbia, or a foreign country,
18 relating to narcotic or psychotropic drugs or other con-
19 trolled substances. This subsection shall not be construed
20 to restrict assistance that is provided under this Act to
21 facilitate alternative development programs.

22 (g) COORDINATION OF ALL UNITED STATES ANTI-
23 NARCOTICS ASSISTANCE.—Consistent with subtitle A of
24 title I of the Anti-Drug Abuse Act of 1988, the Secretary
25 of State shall be responsible for coordinating all assistance

1 provided by the United States Government to support
2 international efforts to combat illicit narcotics production
3 or trafficking. Nothing contained in this subsection shall
4 be construed to limit or impair the authority or respon-
5 sibility of any other Federal agency with respect to law
6 enforcement, domestic security operations, or intelligence
7 activities as defined in Executive Order 12333.

8 **SEC. 3404. PROVISIONS RELATED TO LAW ENFORCEMENT**
9 **TRAINING.**

10 (a) TRAINING BY STATE DEPARTMENT PERSON-
11 NEL.—Employees of the Department of State shall not en-
12 gage in the training of law enforcement personnel for anti-
13 terrorism programs under this chapter, with the exception
14 of training (including short term refresher training) or
15 services provided to law enforcement personnel by employ-
16 ees of the Bureau of Diplomatic Security with regard to
17 crisis management, facility security, or VIP protection.

18 (b) ASSISTANCE RELATING TO INTELLIGENCE AC-
19 TIVITIES.—Anti-terrorism assistance under this chapter
20 shall not include activities involved in the collection of in-
21 telligence as defined in Executive Order 12333, other than
22 limited training in the organization of intelligence for
23 antiterrorism purposes under the provisions of this
24 chapter.

Section 7201(a)(7) of this Act and any similar provisions of law shall not apply to the provision of assistance under this chapter.

Funds shall be available to carry out the provisions of this chapter as authorized and appropriated to the President each fiscal year. The amount of funds that are authorized and appropriated to carry out the provisions of this chapter that may be made available for assistance administered through the Department of Defense shall be authorized and appropriated separately.

1 **TITLE IV—PROVIDING HUMANITARIAN**
2 **ASSISTANCE**

3 **SEC. 4001. STATEMENT OF POLICY.**

4 (a) The post-Cold War era has been marked by a sud-
5 den proliferation of crises and transitions that have led
6 to a massive civilian death toll, widespread human suffer-
7 ing, and an unprecedented number of people becoming ref-
8 ugees and displaced persons.

9 (b) Civil war, international conflict, and natural dis-
10 asters have all contributed to these humanitarian crises
11 which have jeopardized the stability of nascent democ-
12 racies and strained the ability of fragile economies to meet
13 these unexpected requirements.

14 (c) In significant measure, the effects of manmade
15 and natural disasters, at times amplified by prolonged en-
16 vironmental degradation, threaten continued sustained de-
17 velopment and are at the same time magnified by the lack
18 of that development.

19 (d) Bilateral and multilateral programs that provide
20 support to countries faced with large numbers of refugees,
21 rapidly respond to natural and manmade disasters, and
22 otherwise meet humanitarian and crisis needs are essential
23 for the continued democratization and economic growth of
24 countries that, by themselves, do not have the resources
25 to cope with crises of such magnitude.

1 **CHAPTER 1—REFUGEE ASSISTANCE**

2 **SEC. 4101. STATEMENT OF POLICY AND PURPOSES.**

3 (a) STATEMENT OF POLICY.—

4 (1) United States leadership in international
5 refugee and migration affairs reflects our humani-
6 tarian values and traditions.

7 (2) United States refugee assistance upholds
8 humanitarian principles that the United States
9 shares with others in the international community.

10 (3) Too often, situations involving serious viola-
11 tions of human rights, conflict, or disaster create or
12 threaten to create large-scale refugee and migration
13 programs in which the victims are forced to flee
14 their homes for safety and survival.

15 (4) United States advances the ability of the
16 international community to address humanitarian
17 crises involving the forced migration of peoples
18 through support for, participation in and assistance
19 to, the international and other institutions involved
20 in the protection of and assistance to victims of per-
21 secution, conflict and other forms of human rights
22 violations and forced displacements.

23 (5) United States efforts to improve inter-
24 national cooperation and burdensharing in carrying
25 out these programs underscore that these issues are

1 the subject of international concern and shared re-
2 sponsibility.

3 (6) Prompt and effective responses can avert
4 further crises and instability and can alleviate the
5 suffering of the victims of displacement.

6 (7) It is imperative that the United States have
7 the resources and the flexibility to be able to provide
8 effective and immediate assistance in this regard.

9 (b) PURPOSES OF ASSISTANCE.—Assistance under
10 this chapter may be made available to—

11 (1) provide assistance to or on behalf of refu-
12 gees, conflict victims, displaced persons, and other
13 victims of forced migration, who are outside the
14 United States, including assistance on behalf of
15 those persons who will be considered for admission
16 to the United States and for the initial reintegration
17 of persons who have been repatriated to their coun-
18 tries of origin;

19 (2) contribute to the activities of the United
20 Nations High Commissioner for Refugees, the Inter-
21 national Organization for Migration, the Inter-
22 national Committee of the Red Cross, the United
23 Nations Relief and Works Agency for Palestine Ref-
24 ugees in the Near East, and other relevant organiza-
25 tions and institutions; and

1 (3) provide such other assistance as may be
2 necessary to promote the prevention and solution of
3 refugee and other migration problems, in countries
4 of origin as well as in countries of asylum, and in-
5 cluding for resettlement and demining efforts.

6 (c) EMERGENCY REFUGEE AND MIGRATION ASSIST-
7 ANCE.—

8 (1) Whenever the President determines it to be
9 important to the national interest he is authorized to
10 furnish assistance for the purposes of section 4102
11 when such needs are unexpected and urgent.

12 (2) There is established a United States Emer-
13 gency Refugee and Migration Assistance Fund to
14 carry out the purposes of this subsection. There is
15 authorized to be appropriated to the President from
16 time to time such amounts as may be necessary for
17 the fund to carry out the purposes of this sub-
18 section. The President shall promptly notify the
19 Congress concerning the use of funds under this
20 subsection.

21 (d) WAIVER OF RESTRICTIONS ON ASSISTANCE.—
22 The President may carry out activities under this chapter
23 notwithstanding any other provision of law.

1 **SEC. 4102. AVAILABILITY OF FUNDS.**

2 Funds shall be available to carry out the provisions
3 of this chapter as authorized and appropriated to the
4 President each fiscal year.

5 **CHAPTER 2—DISASTER ASSISTANCE**

6 **SEC. 4201. POLICY**

7 (a) HUMANITARIAN CONCERNS AND TRADITIONS OF
8 THE AMERICAN PEOPLE.—Prompt United States assist-
9 ance to alleviate human suffering caused by natural and
10 manmade disasters is a longstanding tradition and an im-
11 portant expression of the humanitarian interest of the peo-
12 ple of the United States. The willingness of the United
13 States to provide assistance through bilateral, multilat-
14 eral, and people-to-people means for the relief and reha-
15 bilitation of people and countries affected by such disas-
16 ters is hereby reaffirmed.

17 (b) REACHING THOSE MOST IN NEED.—In carrying
18 out this chapter, the President shall insure that, to the
19 greatest extent possible, the assistance provided by the
20 United States reaches those most in need of relief and re-
21 habilitation as a result of natural and manmade disasters.

22 **SEC. 4202. AUTHORITY TO PROVIDE ASSISTANCE.**

23 (a) IN GENERAL.—The President is authorized to
24 furnish assistance for international disaster relief and re-
25 habilitation. Such assistance may include assistance relat-
26 ing to disaster preparedness, prevention, and mitigation,

1 and to the prediction of, and contingency planning for,
2 natural and manmade disasters abroad.

3 (b) NONAPPLICABILITY OF OTHER PROVISIONS.—
4 Assistance may be furnished under this chapter notwith-
5 standing any other provision of this or any other Act.

6 (c) BORROWING AUTHORITY.—

7 (1) AUTHORITY.—In addition to amounts oth-
8 erwise available to carry out this chapter, up to
9 \$50,000,000 in any fiscal year may be obligated
10 against appropriations available to carry out other
11 titles of this Act for use in providing assistance in
12 accordance with the authorities and general policies
13 of this chapter.

14 (2) REIMBURSEMENT.—Amounts subsequently
15 appropriated to carry out this chapter with respect
16 to a disaster may be used to reimburse any appro-
17 priation account against which obligations were in-
18 curred under this subsection with respect to that
19 disaster.

20 (d) RECONSTRUCTION.—A portion of the funds made
21 available to carry out this section may be used, in addition
22 to amounts otherwise available for such purposes, to re-
23 spond rapidly to reconstruction and institution-building
24 needs arising from natural or manmade disasters.

1 **SEC. 4203. AVAILABILITY OF FUNDS.**

2 Funds shall be available to carry out the provisions
3 of this chapter as authorized and appropriated to the
4 President each fiscal year.

5 **CHAPTER 3—EMERGENCY FOOD ASSISTANCE**

6 **SEC. 4301. STATEMENT OF POLICY REGARDING EMER-**
7 **GENCY FOOD ASSISTANCE UNDER PUBLIC**
8 **LAW 480, TITLE II.**

9 (a) The United States continues to provide leadership
10 in addressing famine and other urgent or extraordinary
11 worldwide relief needs.

12 (b) In particular, the use of United States agricul-
13 tural commodities through bilateral and multilateral chan-
14 nels to meet emergency food needs has saved lives, amelio-
15 rated suffering, and has been a tangible expression of the
16 best in the humanitarian spirit of the American people.

17 (c) This assistance is often provided in conjunction
18 with assistance furnished under the other chapters of this
19 title to provide a comprehensive program of relief for those
20 less fortunate than we who are refugees or other victims
21 of forced migration, or are suffering the consequences of
22 natural or manmade disasters.

1 **TITLE V—PROMOTING GROWTH THROUGH**
2 **TRADE AND INVESTMENT**

3 **SEC. 5001. STATEMENT OF POLICY.**

4 (a) In an increasingly interdependent world, the secu-
5 rity and well-being of the United States will be shaped
6 by the ability of the United States to compete and prosper
7 in a global economy.

8 (b) The United States remains committed to the prin-
9 ciples of free trade among nations as the most effective
10 means to promote expanding international markets and
11 global economic prosperity.

12 (c) Economic growth and creation of employment op-
13 portunities in the United States are directly and materi-
14 ally enhanced by international economic growth and trade
15 liberalization.

16 (d) United States trade and investment represent a
17 powerful means of promoting economic growth and devel-
18 opment in emerging economies and economies in transi-
19 tion. Expanding United States trade and investment op-
20 portunities in the markets of the future is best sustained
21 by free-market orientation and sustained developmemt in
22 those countries.

23 (e) The twin tracks of commercial engagement and
24 longer-term sustainable development represent com-

1 plementary means of advancing United States interests by
2 creating a more prosperous, therefore more secure, world.

3 (f) The provision of a comprehensive and coordinated
4 program of export financing, investment insurance, guar-
5 anties and feasibility studies significantly enhances the
6 ability of the private sector to pursue trade and investment
7 opportunities in developing countries.

8 **CHAPTER 1—OVERSEAS PRIVATE INVESTMENT**
9 **CORPORATION**

10 **SEC. 5101. PURPOSE AND POLICY.**

11 (a) PURPOSE.—The Overseas Private Investment
12 Corporation shall be an agency of the United States under
13 the foreign policy guidance of the Secretary of State. The
14 purpose of the Corporation is to mobilize and facilitate
15 the participation of United States private capital and skills
16 in the economic and social development of less developed
17 friendly countries and areas, and countries in transition
18 from nonmarket to market economies, thereby com-
19 plementing the development assistance objectives of the
20 United States, facilitating the competitiveness of the Unit-
21 ed States private sector, and promoting United States
22 economic growth.

23 (b) DEVELOPMENT, EXPORT, AND PER CAPITA IN-
24 COME CRITERIA.—The Corporation, in determining

1 whether to provide insurance, reinsurance, or financing for
2 a project, shall especially—

3 (1) be guided by the economic and social devel-
4 opment impact and benefits of such a project and
5 the ways in which such a project complements, or is
6 compatible with, other development assistance pro-
7 grams or projects of the United States or other do-
8 nors;

9 (2) give preference to projects which promote
10 United States exports and increase United States
11 economic growth; and

12 (3) give preferential consideration to investment
13 projects in countries that have per capita incomes of
14 \$1,230 or less in 1992 United States dollars; and re-
15 strict its activities in countries with per capita in-
16 comes of \$5,335 or more in 1992 United States dol-
17 lars (other than countries designated as beneficiary
18 countries under section 212 of the Caribbean Basin
19 Economic Recovery Act (19 U.S.C. 2702)).

20 (c) GUIDELINES FOR ACTIVITIES OF OPIC.—In car-
21 rying out its purpose, the Corporation, utilizing broad cri-
22 teria, shall undertake—

23 (1) to conduct insurance, reinsurance, and fi-
24 nancing operations on a self-sustaining basis, taking

1 into account in its financing operations the economic
2 and financial soundness of projects;

3 (2) to utilize private credit and investment in-
4 stitutions and the Corporation's financing authority
5 as the principal means of mobilizing capital invest-
6 ment funds;

7 (3) to broaden private participation and revolve
8 its funds through selling its direct investments to
9 private investors whenever it can appropriately do so
10 on satisfactory terms;

11 (4) to conduct its insurance operations with due
12 regard to principles to risk management, including
13 efforts to share its insurance risks and reinsurance
14 risks;

15 (5) to consider in the conduct of its operations
16 the extent to which the governments of less devel-
17 oped countries are receptive to private enterprise,
18 domestic and foreign, and their willingness and abil-
19 ity to maintain conditions which enable private en-
20 terprise to make its full contribution to the develop-
21 ment process;

22 (6) to foster private initiative and competition
23 and discourage monopolistic practices;

24 (7) to further to the greatest degree possible, in
25 a manner consistent with its goals, the balance-of-

1 payments and economic and employment objectives
2 of the United States;

3 (8) to conduct its activities in consonance with
4 the international trade, investment, and financial
5 policies of the United States Government, and to
6 seek to support those developmental projects having
7 positive trade benefits for the United States; and

8 (9) to advise and assist, within its field of com-
9 petence, interested agencies of the United States and
10 other organizations, both public and private, na-
11 tional and international, with respect to projects and
12 programs relating to the development of private en-
13 terprise in less developed countries and areas.

14 **SEC. 5102. INVESTMENT INSURANCE, FINANCING, AND**
15 **OTHER PROGRAMS.**

16 (a) INVESTMENT INSURANCE.—

17 (1) RISKS FOR WHICH INSURANCE ISSUED.—

18 The Corporation is authorized to issue insurance,
19 upon such terms and conditions as the Corporation
20 may determine, to eligible investors assuring protec-
21 tion in whole or in part against any or all of the fol-
22 lowing risks with respect to projects which the Cor-
23 poration has approved:

24 (A) Inability to convert into United States
25 dollars other currencies, or credits in such cur-

1 rencias, received as earnings or profits from the
2 approved project, as repayment or return of the
3 investment in the project, in whole or in part,
4 or as compensation for the sale or disposition of
5 all or any part of the investment.

6 (B) Loss of investment, in whole or in
7 part, in the approved project due to expropria-
8 tion or confiscation by action of a foreign gov-
9 ernment.

10 (C) Loss due to war, revolution, insurrec-
11 tion, or civil strife.

12 (D) Loss due to business interruption
13 caused by any of the risks set forth in subpara-
14 graphs (A), (B), and (C).

15 (2) RISK SHARING ARRANGEMENTS WITH FOR-
16 EIGN GOVERNMENTS AND MULTILATERAL ORGANIZA-
17 TIONS.—Recognizing that major private investments
18 in emerging democracies, economies in trans-
19 formation and less developed friendly countries or
20 areas are often made by enterprises in which there
21 is multinational participation, including significant
22 United States private participation, the Corporation
23 may make arrangements with foreign governments
24 (including agencies, instrumentalities, and political
25 subdivisions thereof) and with multilateral organiza-

1 tions and institutions for sharing liabilities assumed
2 under investment insurance for such investments
3 and may, in connection with such arrangements,
4 issue insurance to investors not otherwise eligible for
5 insurance under this chapter, except that—

6 (A) liabilities assumed by the Corporation
7 under the authority of this paragraph shall be
8 consistent with the purposes of this chapter,
9 and

10 (B) the maximum share of liabilities so as-
11 sumed shall not exceed the proportionate par-
12 ticipation by eligible investors in the project.

13 (3) MAXIMUM CONTINGENT LIABILITY WITH
14 RESPECT TO SINGLE INVESTOR.—Not more than 10
15 percent of the maximum contingent liability for in-
16 vestment insurance which the Corporation is per-
17 mitted to have outstanding under section 5104(a)(1)
18 shall be issued to a single investor.

19 (4) OTHER INSURANCE FUNCTIONS.—

20 (A) IN GENERAL.—The Corporation is au-
21 thorized to—

22 (i) make and carry out contracts of
23 insurance or reinsurance, or agreements to
24 associate or share risks, with insurance

1 companies, financial institutions, any other
2 persons, or groups thereof, and

3 (ii) employ such insurance companies,
4 financial institutions, other persons, or
5 groups, where appropriate, as its agent, or
6 to act as their agent, in the issuance and
7 servicing of insurance, the adjustment of
8 claims, the exercise of subrogation rights,
9 the ceding and accepting of reinsurance,
10 and in any other matter incident to an in-
11 surance business, except that such agree-
12 ments and contracts shall be consistent
13 with the purposes of the Corporation set
14 forth in section 5101 and shall be on equi-
15 table terms.

16 (B) RISK-SHARING AGREEMENTS.—The
17 Corporation is authorized to enter into pooling
18 or other risk-sharing agreements with multilat-
19 eral insurance or financing agencies or groups
20 of such agencies.

21 (C) OWNERSHIP INTEREST IN RISK-SHAR-
22 ING ENTITIES.—The Corporation is authorized
23 to hold an ownership interest in any association
24 or other entity established for the purposes of
25 sharing risks under investment insurance.

1 (b) INVESTMENT FINANCING.—

2 (1) DIRECT LENDING.—

3 (A) IN GENERAL.—The Corporation is au-
4 thorized to make loans in United States dollars,
5 repayable in dollars, and to make loans in for-
6 eign currencies, to firms privately owned or of
7 mixed private and public ownership, upon such
8 terms and conditions as the Corporation may
9 determine.

10 (B) USE OF LOAN FOR NEW TECH-
11 NOLOGIES, PRODUCTS, OR SERVICES.—The Cor-
12 poration may designate up to 25 percent of any
13 loan under this subsection of use in the develop-
14 ment or adaptation in the United States of new
15 technologies or new products or services that
16 are to be used in the project for which the loan
17 is made and are likely to contribute to the eco-
18 nomic or social development of less developed
19 countries.

20 (2) EQUITY INVESTMENT.—

21 (A) IN GENERAL.—The Corporation is au-
22 thorized to purchase, invest in, or otherwise ac-
23 quire equity securities or securities with equity
24 characteristics of any firm or entity, upon such
25 terms and conditions as the Corporation may

1 determine, to be funded in the same manner as
2 direct loans under the Federal Credit Reform
3 Act of 1990 for the purpose of providing capital
4 for any project which is consistent with the pro-
5 visions of this chapter, except that—

6 (i) the aggregate amount of the Cor-
7 poration's equity investment with respect
8 to any project shall not exceed 30 percent
9 of the aggregate amount of all equity in-
10 vestment made with respect to such project
11 at the time that the Corporation's equity
12 investment is made, except for securities
13 acquired through the enforcement of any
14 lien, pledge, or contractual arrangement as
15 a result of a default by any party under
16 any agreement relating to the terms of the
17 Corporation's investment; and

18 (ii) the Corporation's equity invest-
19 ment under this paragraph with respect to
20 any project, when added to any other in-
21 vestments made or guaranteed by the Cor-
22 poration under this paragraph with respect
23 to such project, shall not cause the aggre-
24 gate amount of all such investment to ex-
25 ceed, at the time any such investment is

1 made or guaranteed by the Corporation,
2 75 percent of the total investment commit-
3 ted to such project as determined by the
4 Corporation. Such determination under
5 this clause shall be conclusive for purposes
6 of the Corporation's authority to make or
7 guarantee any such investment.

8 (B) ADDITIONAL CRITERIA.—In making
9 investment decisions under this paragraph, the
10 Corporation shall give consideration to the ex-
11 tent to which the Corporation's equity invest-
12 ment will assist in obtaining the financing re-
13 quired for such projects.

14 (C) DISPOSITION OF EQUITY INTEREST.—
15 Taking into consideration, among other things,
16 the Corporation's financial interests and the de-
17 sirability of fostering the development of local
18 capital markets in emerging democracies,
19 economies in transformation and less developed
20 countries, the Corporation shall endeavor to dis-
21 pose of any equity interest it may acquire under
22 this subsection within a period of 10 years from
23 the date of acquisition of such interest.

24 (3) INVESTMENT GUARANTEES.—

1 (A) AUTHORITY.—The Corporation is au-
2 thorized to issue to eligible investors guarantees
3 of loans and other investments made by such
4 investors assuring against loss due to such risks
5 and upon such terms and conditions as the Cor-
6 poration may determine, subject to subpara-
7 graphs (B), (C), and (D).

8 (B) GUARANTEES ON OTHER THAN LOAN
9 INVESTMENTS.—A guarantee issued under sub-
10 paragraph (A) on other than a loan investment
11 may not exceed 75 percent of such investment.

12 (C) LIMIT ON AMOUNT OF INVESTMENT
13 GUARANTEED.—Except for loan investments for
14 credit unions made by eligible credit unions or
15 credit union associations, the aggregate amount
16 of investment (exclusive of interest and earn-
17 ings) for which guarantees are issued under
18 subparagraph (A) with respect to any project
19 shall not exceed, at the time of issuance of any
20 such guarantee, 75 percent of the total invest-
21 ment committed to any such project as deter-
22 mined by the Corporation. Such determination
23 by the Corporation shall be conclusive for pur-
24 poses of the Corporation's authority to issue
25 any such guarantee.

1 (D) MAXIMUM CONTINGENT LIABILITY
2 WITH RESPECT TO SINGLE INVESTOR.—Not
3 more than 15 percent of the maximum contin-
4 gent liability for investment guarantees which
5 the Corporation is permitted to have outstand-
6 ing under section 5104(a)(2) may be issued to
7 a single investor.

8 (c) INVESTMENT ENCOURAGEMENT.—The Corpora-
9 tion is authorized to initiate and support through financial
10 participation, incentive grant, or otherwise, and on such
11 terms and conditions as the Corporation may determine,
12 the identification, assessment, surveying, and promotion
13 of private investment opportunities, using wherever fea-
14 sible and effective the facilities of private investors, except
15 that the Corporation shall not finance any survey to ascer-
16 tain the existence, location, extent, or quality of oil or gas
17 resources.

18 (d) SPECIAL ACTIVITIES.—The Corporation is au-
19 thorized to administer and manage special projects and
20 programs, including programs of financial and advisory
21 support, which provide private technical, professional, or
22 managerial assistance in the development of human re-
23 sources, skills, technology, capital savings, intermediate fi-
24 nancial and investment institutions, and cooperatives. The
25 funds for these projects and programs may, with the Cor-

1 poration's concurrence, be transferred to it for such pur-
2 poses under the authority of section 8201 of this Act or
3 from other sources, public or private.

4 **SEC. 5103. ENHANCING PRIVATE POLITICAL RISK INSUR-**
5 **ANCE INDUSTRY.**

6 In order to encourage greater availability of political
7 risk insurance for eligible investors by enhancing the pri-
8 vate political risk insurance industry in the United States,
9 and to the extent consistent with this chapter, the Cor-
10 poration shall undertake programs of cooperation with
11 such industry, and in connection with such programs may
12 engage in the following activities:

13 (1) Utilizing its statutory authorities, encourage
14 the development of associations, pools, or consortia
15 of United States private political risk insurers.

16 (2) Share insurance risks (through coinsurance,
17 contingent insurance, or other means) in a manner
18 that is conducive to the growth and development of
19 the private political risk insurance industry in the
20 United States.

21 (3) Notwithstanding section 8544(e), upon the
22 expiration of insurance provided by the Corporation
23 for an investment, enter into risk-sharing agree-
24 ments with United States private political risk insur-
25 ers to insure any such investment; except that, in co-

1 operating in the offering of insurance under this
2 paragraph, the Corporation shall not assume respon-
3 sibility for more than 50 percent of the insurance
4 being offered in each separate transaction.

5 **SEC. 5104. ISSUING AUTHORITY AND RESERVES.**

6 (a) ISSUING AUTHORITY.—

7 (1) INSURANCE.—The maximum contingent li-
8 ability outstanding at any one time pursuant to in-
9 surance issued under section 5102(a) shall not ex-
10 ceed in the aggregate \$15,000,000,000.

11 (2) FINANCING.—The Corporation is authorized
12 to commit investment financing under section
13 5102(b) of up to \$5,000,000,000 for the period of
14 fiscal years beginning October 1, 1994, terminating
15 on the date specified in paragraph (3).

16 (3) TERMINATION OF AUTHORITY.—The au-
17 thority of subsection (a) and (b) of section 5102
18 shall continue until September 30, 1999.

19 (b) INSURANCE RESERVE.—

20 (1) MAINTENANCE AND PURPOSES.—The Cor-
21 poration shall maintain an insurance reserve. Such
22 reserve shall be available for the discharge of liabil-
23 ities, as provided in subsection (d), until such time
24 as all such liabilities have been discharged or have

1 expired or until such reserve has been expended in
2 accordance with the provisions of this section.

3 (2) FUNDING.—The insurance reserve shall
4 consist of—

5 (A) any funds in the insurance reserve of
6 the Corporation on September 30, 1993,

7 (B) amounts transferred to the reserve
8 pursuant to this Act, and

9 (C) such sums as are appropriated pursu-
10 ant to subsection (d) of this section for such
11 purposes.

12 (c) ORDER OF PAYMENTS TO DISCHARGE LIABIL-
13 ITIES.—Any payment made to discharge liabilities under
14 investment insurance or reinsurance issued under section
15 5102, under similar predecessor guarantee authority, or
16 under section 5103, shall be paid first out of the insurance
17 reserve, as long as such reserve remains available, and
18 thereafter out of funds made available pursuant to sub-
19 section (d) of this section. Any payments made to dis-
20 charge liabilities under guarantees issued under section
21 5102(b) shall be paid in accordance with the Federal
22 Credit Reform Act of 1990.

23 (d) AVAILABILITY OF FUNDS.—

24 (1) AVAILABILITY.—Subject to paragraph (2),
25 funds shall be available to carry out the provisions

1 of this chapter as authorized and appropriated to
2 the President to replenish or increase the insurance
3 reserve, to discharge the liabilities under insurance
4 or reinsurance issued by the Corporation, or to dis-
5 charge obligations of the Corporation purchased by
6 the Secretary of the Treasury pursuant to subsection
7 (e).

8 (2) LIMITATION ON APPROPRIATIONS.—No ap-
9 propriation shall be made under paragraph (1) to
10 augment the insurance reserve until the amount of
11 funds in the insurance reserve is less than
12 \$25,000,000. Any appropriations to augment the in-
13 surance reserve shall then only be made to satisfy
14 the full faith and credit provision of section 8545(c).

15 (e) ISSUANCE OF OBLIGATIONS.—In order to dis-
16 charge liabilities under investment insurance or reinsur-
17 ance, the Corporation is authorized to issue from time to
18 time for purchase by the Secretary of the Treasury its
19 notes, debentures, bonds, or other obligations; except that
20 the aggregate amount of such obligations outstanding at
21 any one time may not exceed \$100,000,000. Any such ob-
22 ligation shall be repaid to the Treasury within one year
23 after the date of issue of such obligation. Any such obliga-
24 tion shall bear interest at a rate determined by the Sec-
25 retary of the Treasury, taking into consideration the cur-

1 rent average market yield on outstanding marketable obli-
 2 gations of the United States of comparable maturities dur-
 3 ing the month preceding the issuance of any obligation
 4 authorized by this subsection. The Secretary of the Treas-
 5 ury shall purchase any obligation of the Corporation is-
 6 sued under this subsection, and for such purchase the Sec-
 7 retary may use as a public debt transaction the proceeds
 8 of the sale of any securities issued under chapter 31 of
 9 title 31, United States Code. The purpose for which secu-
 10 rities may be issued under chapter 31 of title 31, United
 11 States Code, shall include any such purchase.

12 **SEC. 5105. GUIDELINES AND REQUIREMENTS FOR OPIC**
 13 **SUPPORT.**

14 (a) DEVELOPMENT IMPACT PROFILE.—In order to
 15 carry out the policy set forth in section 5101(b)(1), the
 16 Corporation shall prepare and maintain for each invest-
 17 ment project it insures, reinsures, or finances a develop-
 18 ment impact profile consisting of data appropriate to
 19 measure the projected and actual effects of such project
 20 on development.

21 (b) SMALL BUSINESS DEVELOPMENT.—

22 (1) BROADENED PARTICIPATION BY SMALL
 23 BUSINESSES.—The Corporation shall undertake, in
 24 cooperation with appropriate departments, agencies,
 25 and instrumentalities of the United States as well as

1 private entities and others, to broaden the participa-
2 tion of United States small business, cooperatives,
3 and other small United States investors in the devel-
4 opment of small private enterprise in less developed
5 friendly countries or areas.

6 (2) PREFERENTIAL CONSIDERATION.—The Cor-
7 poration shall undertake to the maximum degree
8 possible consistent with its purposes—

9 (A) to give preferential consideration in its
10 investment insurance, reinsurance, financing,
11 and investment encouragement activities to in-
12 vestment projects sponsored by or involving
13 United States small business or cooperatives;
14 and

15 (B) to maintain the proportion of projects
16 sponsored by or significantly involving United
17 States small business to at least 30 percent of
18 all projects insured, reinsured, financed or en-
19 couraged by the Corporation.

20 (c) ENVIRONMENTAL CONSIDERATIONS.—

21 (1) ENVIRONMENTAL, HEALTH, OR SAFETY
22 HAZARD.—The Corporation shall refuse to insure,
23 reinsure, or finance any investment in connection
24 with a project which the Corporation determines will
25 pose an unreasonable or major environmental,

1 health, or safety hazard, or will result in the signifi-
2 cant degradation of national parks or similar pro-
3 tected areas.

4 (2) RESOURCE SUSTAINABLE DEVELOPMENT.—
5 The Corporation, in determining whether to provide
6 insurance, reinsurance, or financing for a project,
7 shall ensure that the project is consistent with the
8 goals set forth in section 7210 of this Act.

9 (3) ENVIRONMENTAL IMPACT STATEMENTS AND
10 ASSESSMENTS.—The requirements of section
11 7210(b) relating to environmental impact statements
12 and environmental assessments shall apply to any
13 investment which the Corporation insures, reinsures,
14 guarantees, or finances under this chapter in con-
15 nection with a project in a country.

16 (4) NOTIFICATION OF FOREIGN GOVERN-
17 MENTS.—Before finally providing insurance, reinsur-
18 ance, guarantees, or financing under this chapter for
19 any environmentally sensitive investment in connec-
20 tion with a project in a country, the Corporation
21 shall notify appropriate government officials of that
22 country of—

23 (A) all guidelines and other standards
24 adopted by the International Bank for Recon-
25 struction and Development and any other inter-

1 national organization relating to the public
2 health or safety or the environment which are
3 applicable to the project; and

4 (B) to the maximum extent practicable,
5 any restriction under any law of the United
6 States relating to public health or safety or the
7 environment that would apply to the project if
8 the project were undertaken in the United
9 States.

10 The notification under the preceding sentence shall
11 include a summary of the guidelines, standards, and
12 restrictions referred to in subparagraphs (A) and
13 (B).

14 (5) CONSIDERATION OF COMMENTS RE-
15 CEIVED.—Before finally providing insurance, rein-
16 surance, or financing for any investment subject to
17 paragraph (4), the Corporation shall take into ac-
18 count any comments it receives on the project in-
19 volved.

20 (d) HUMAN RIGHTS.—The Corporation shall take
21 into account in the conduct of its programs in a country,
22 in consultation with the Secretary of State, all available
23 information about observance of and respect for human
24 rights and fundamental freedoms in such country and the

1 effect the operation of such programs will have on human
2 rights and fundamental freedoms in such country.

3 (e) WORKER RIGHTS.—

4 (1) LIMITATION ON OPIC ACTIVITIES.—The
5 Corporation may insure, reinsure, or finance a
6 project only if the country in which the project is to
7 be undertaken is taking steps to adopt and imple-
8 ment laws that extend internationally recognized
9 worker rights, as defined in section 502(a)(4) of the
10 Trade Act of 1974 (19 U.S.C. 2462(a)(4)), to work-
11 ers in that country (including any designated zone in
12 that country). The Corporation shall also include the
13 following language, in substantially the following
14 form, in all contracts which the Corporation enters
15 into with eligible investors to provide financial sup-
16 port under this chapter: “The investor agrees not to
17 take actions to prevent employees of the foreign en-
18 terprise from lawfully exercising their right of asso-
19 ciation and their right to organize and bargain col-
20 lectively. The investor further agrees to observe ap-
21 plicable laws relating to a minimum age for employ-
22 ment of children, acceptable conditions of work with
23 respect to minimum wages, hours of work, and occu-
24 pational health and safety, and not to use forced

1 labor. The investor is not responsible under this
2 paragraph for the actions of a foreign government.”.

3 (2) USE OF ANNUAL REPORTS ON WORKER
4 RIGHTS.—The Corporation shall, in making its de-
5 terminations under paragraph (1), use the reports
6 submitted to the Congress pursuant to section
7 505(c) of the Trade Act of 1974 (19 U.S.C.
8 2465(c)).

9 (3) WAIVER.—Paragraph (1) shall not prohibit
10 the Corporation from providing any insurance, rein-
11 surance, or financing with respect to a country if the
12 President determines that such activities by the Cor-
13 poration would be in the national economic interests
14 of the United States. Any such determination shall
15 be reported in writing to the Congress, together with
16 the reasons for the determination.

17 (f) HARM TO EMPLOYMENT IN THE UNITED
18 STATES.—

19 (1) REPLACEMENT OF UNITED STATES PRO-
20 Duction.—(A) The Corporation shall refuse to in-
21 sure, reinsure, or finance an investment if the Cor-
22 poration determines that such investment is likely to
23 cause such investor (or the sponsor of an investment
24 project in which such investor is involved) signifi-
25 cantly to reduce the number of the investor’s or

1 sponsor's employees in the United States because
2 the investor or sponsor is replacing his or her United
3 States production with production from such invest-
4 ment, and the production from such investment in-
5 volves substantially the same product for substan-
6 tially the same market as the investor's or sponsor's
7 United States production.

8 (B) If the Corporation determines that an in-
9 vestment is not likely to have the effects described
10 in subparagraph (A), the Corporation shall monitor
11 conformance with the representations made by the
12 investor on which the Corporation relied in making
13 that determination.

14 (2) REDUCTION OF EMPLOYEES IN THE UNITED
15 STATES.—The Corporation shall refuse to insure, re-
16 insure, or finance an investment if the Corporation
17 determines that such investment is likely to cause a
18 significant reduction in the number of employees in
19 the United States.

20 (3) EXPORT PROCESSING ZONES.—Notwith-
21 standing any other provision of law, the Corporation
22 shall refuse to insure, reinsure, or finance an invest-
23 ment for the purpose of establishing or developing in
24 a foreign country any export processing zone or des-
25 ignated area in which the tax, tariff, labor, environ-

1 ment, and safety laws of that country do not apply,
2 in part or in whole, to activities carried out within
3 that zone or area, unless such assistance is not likely
4 to cause a loss of jobs within the United States as
5 determined in consideration of the restrictions con-
6 tained in paragraphs (1) and (2).

7 (g) PERFORMANCE REQUIREMENTS.—The Corpora-
8 tion shall refuse to insure, reinsure, or finance an invest-
9 ment which is subject to performance requirements which
10 would reduce substantially the positive trade benefits like-
11 ly to accrue to the United States from the investment.

12 (h) PROHIBITED TRADE PRACTICES.—

13 (1) PAYMENTS TO VIOLATORS BARRED.—No
14 payment may be made under any insurance or rein-
15 surance which is issued under this chapter on or
16 after April 24, 1978, for any loss occurring with re-
17 spect to a project, if the preponderant cause of such
18 loss was an act by the investor seeking payment
19 under this chapter, by a person possessing majority
20 ownership and control of the investor at the time of
21 the act, or by any agent of such investor or control-
22 ling person, and a court of the United States has en-
23 tered a final judgment that such act constituted a
24 violation of section 30A of the Securities Exchange

1 Act of 1934 or section 104 of the Foreign Corrupt
2 Practices Act of 1977.

3 (2) REGULATIONS.—The Corporation shall have
4 in effect regulations setting forth appropriate condi-
5 tions under which any person who has been finally
6 determined by a court of the United States to have
7 violated section 30A of the Securities Exchange Act
8 of 1934 or section 104 of the Foreign Corrupt Prac-
9 tices Act of 1977 shall be suspended, for a period
10 of not more than 5 years, from eligibility to receive
11 any insurance, reinsurance, guarantee, financing, or
12 other financial support authorized by this chapter, if
13 that violation related to a project insured, reinsured,
14 guaranteed, financed, or otherwise supported by the
15 Corporation under this chapter.

16 (i) FRAUD OR MISREPRESENTATION.—No payment
17 may be made under any guarantee, insurance, or reinsur-
18 ance issued under this chapter for any loss arising out
19 of fraud or misrepresentation for which the party seeking
20 payment is responsible.

21 (j) PUBLIC HEARING.—The Board shall hold at least
22 one public hearing each year in order to afford an oppor-
23 tunity for any person to present views as to whether the
24 Corporation is carrying out its activities in accordance
25 with this chapter 1 and this section or whether any invest-

1 ment in a particular country shall have been or shall be
2 extended insurance, reinsurance, or financing under this
3 chapter.

4 (k) RESTRICTIONS.—Restrictions in this or any other
5 Act to the government of a country do not apply with re-
6 spect to this title.

7 **CHAPTER 2—TRADE AND DEVELOPMENT**

8 **AGENCY**

9 **SEC. 5201. PURPOSES.**

10 The Trade and Development Agency shall be an
11 agency of the United States under the foreign policy guid-
12 ance of the Secretary of State. The purpose of the Trade
13 and Development Agency is to promote United States pri-
14 vate sector participation in developing and middle-income
15 countries.

16 **SEC. 5202. AUTHORITY TO PROVIDE ASSISTANCE.**

17 (a) AUTHORITY.—The Director of the Trade and De-
18 velopment Agency is authorized to work with foreign coun-
19 tries to carry out the purposes of this chapter by providing
20 funds for feasibility studies, architectural and engineering
21 design, and other activities related to development projects
22 which provide opportunities for the use of United States
23 exports.

24 (b) USE OF FUNDS.—Funds under this chapter may
25 be used to provide support for feasibility studies for plan-

1 ning, development, and management of, and procurement
2 for, bilateral and multilateral development projects, in-
3 cluding training activities undertaken in connection with
4 a project, for the purpose of promoting the use of United
5 States goods and services in such projects. Funds under
6 this chapter may also be used for architectural and engi-
7 neering design, including—

8 (1) concept design, which establishes the basic
9 technical and operational criteria for a project, such
10 as architectural drawings for a proposed facility,
11 evaluation of site constraints, procurement require-
12 ments, and equipment specifications; and

13 (2) detail design, which sets forth specific di-
14 mensions and criteria for structural, mechanical,
15 electrical, and architectural operations, and identi-
16 fies other resources required for project operations.

17 (c) INFORMATION DISSEMINATION.—

18 (1) The Trade and Development Agency shall
19 disseminate information about its project activities
20 to the private sector.

21 (2) Other agencies of the United States Govern-
22 ment shall cooperate with the Trade And Develop-
23 ment Agency in order for the Agency to provide
24 more effectively informational services to persons in
25 the private sector concerning trade and development

1 and export promotion related to development
2 projects.

3 (d) NONAPPLICABILITY OF OTHER PROVISIONS.—

4 Funds made available to carry out this chapter may be
5 made available notwithstanding any other provision of law.

6 **SEC. 5203. AVAILABILITY OF FUNDS.**

7 Funds shall be available to carry out the provisions
8 of this chapter as authorized and appropriated to the
9 President each fiscal year.

10 **CHAPTER 3—ROLE OF RELATED PROGRAMS**

11 **SEC. 5301. STATEMENT OF POLICY REGARDING ROLE OF**
12 **PUBLIC LAW 480 TITLE I PROGRAMS.**

13 (a) Public Law 480 title I programs provide an im-
14 portant resource in the efforts of the United States to sup-
15 port continued growth in the world economy.

16 (b) By using the abundant agricultural productivity
17 of the United States to enhance the food security of devel-
18 oping countries, these programs complement other inter-
19 national programs of the United States to—

20 (1) help to combat world hunger and malnutri-
21 tion and their causes,

22 (2) promote broad-based, equitable, and sus-
23 tainable development,

24 (3) expand international trade, and

1 (4) develop and expand export markets for
2 United States agricultural commodities.

3 (c) By fostering the demand for United States agri-
4 cultural commodities and helping to meet the food needs
5 of developing countries that have difficulty meeting those
6 needs through commercial channels, Public Law 480 title
7 I programs are an integral part of United States efforts
8 to encourage expansion of the world economy and the par-
9 ticipation of the United States private sector in that ex-
10 pansion.

11 **SEC. 5302. STATEMENT OF POLICY REGARDING ROLE OF**
12 **EXPORT-IMPORT BANK.**

13 (a) While the Export-Import Bank of the United
14 States does not provide foreign assistance, its programs
15 can complement sustainable development programs in
16 helping to expand United States exports.

17 (b) The purpose of the Export-Import Bank of the
18 United States is to provide financing support for United
19 States exports, thereby creating and maintaining jobs in
20 the United States.

21 (c) The role of the Export-Import Bank of the United
22 States is an important factor in bolstering global free
23 trade and fair trade, and its programs help to level the
24 global playing field in export financing.

1 (d) The Export-Import Bank of the United States is
2 an important supplement to the private sector's export fi-
3 nancing capacities for creating and maintaining jobs.

4 (e) With one out of every six manufacturing jobs in
5 the United States dependent on exports, it is necessary
6 to promote trade with both existing and developing
7 markets.

8 (f) The programs of the Export-Import Bank of the
9 United States serve to provide inroads for United States
10 exporters into developing country markets.

11 (g) The role of the Export-Import Bank of the United
12 States in providing trade and project finance supports
13 United States domestic employment and global economic
14 growth and development.

15 **TITLE VI—ADVANCING DIPLOMACY**

16 **SEC. 6001. STATEMENT OF POLICY.**

17 (a) Success in achieving the goals of this Act depends
18 above all on the skills of those who serve America in the
19 Department of State and other United States Government
20 departments and agencies engaged in international pro-
21 grams.

22 (b) Diplomacy is the most cost-effective foreign policy
23 instrument for promoting American prosperity and safe-
24 guarding United States security by managing crises and
25 preventing future conflict.

1 (c) United States leadership in addressing emerging
2 global challenges will depend increasingly on skillful diplo-
3 macy to build cooperative arrangements with major allies
4 and multilateral organizations that leverage our political
5 influence, and our economic, technical, military and hu-
6 manitarian assistance.

7 (d) Diplomacy is essential to the realization of each
8 of the five other titles of this Act:

9 (1) Promoting Sustainable Development re-
10 quires integrated and coordinated efforts between
11 diplomats and aid specialists to deal with immediate
12 environmental, economic, and cultural challenges
13 and opportunities abroad while building the founda-
14 tion for long-term bilateral, regional and global co-
15 operation.

16 (2) Promoting Democracy requires foreign af-
17 fairs professionals in the Department of State and
18 other United States Government departments and
19 agencies engaged in international programs to reach
20 out beyond traditional bilateral and multilateral rela-
21 tions to inform foreign publics about the virtues and
22 challenges of democracy and market economics and
23 to promote human rights, democratic institution
24 building, and development of open, civil societies.

1 (3) Promoting Peace requires creative and sus-
2 tained diplomacy—backed by economic, technical,
3 humanitarian and military resources—to avert con-
4 flict, facilitate negotiated resolution of disputes, and
5 render peace processes irreversible; and to build re-
6 gimes to restrain proliferation, narcotics trafficking,
7 terrorism and other forms of criminal activity.

8 (4) Humanitarian Assistance requires diplomats
9 and other involved United States government per-
10 sonnel to respond promptly to facilitate bilateral re-
11 lief, engage relevant multilateral organizations, and
12 ensure that relief programs do not become objects of
13 political manipulation locally or among donor agen-
14 cies; at the same time, effective preventive diplomacy
15 can forestall costly political and military disasters.

16 (5) Promoting Growth Through Trade and In-
17 vestment requires diplomats with advanced technical
18 knowledge, legal skills, and shrewd political judg-
19 ment to assist economic reform, develop commercial
20 opportunities, and structure regional and global
21 agreements to achieve more open markets and great-
22 er economic integration.

23 (e) Advancing diplomacy in all of the above areas will
24 require—

1 (1) funds that can be used flexibly by the Presi-
 2 dent to respond decisively to unforeseen opportuni-
 3 ties and dangers and for structuring new multilat-
 4 eral arrangements that can become the basis for sus-
 5 tainable cooperation to prevent future crises and
 6 solve long-term problems;

7 (2) foreign assistance, public diplomacy abroad,
 8 and a national consensus at home in support of the
 9 goals of American foreign policy;

10 (3) modern technology and infrastructure to
 11 support foreign and civil service professionals who
 12 must deal with international transactions that are
 13 rising exponentially in volume, speed and complexity;
 14 and

15 (4) greater harmonization of our foreign affairs
 16 institutions and instruments, with a view to avoiding
 17 duplicative administrative structures, staffs and pro-
 18 grams.

19 **TITLE VII—SPECIAL AUTHORITIES, RE-**
 20 **STRICTIONS ON ASSISTANCE, AND**
 21 **REPORTS**

22 **CHAPTER 1—SPECIAL AUTHORITIES**

23 **SEC. 7101. AUTHORITY TO TRANSFER BETWEEN ACCOUNTS.**

24 (a) GENERAL TRANSFER AUTHORITY.—Whenever
 25 the President determines it to be necessary for the pur-

1 poses of this Act, not to exceed 10 percent of the funds
2 made available to carry out any provision of this Act—

3 (1) may be transferred to, and consolidated
4 with, the funds in any other account or fund avail-
5 able to carry out any provision of this Act; and

6 (2) may be used for any of the purposes for
7 which funds in that account or fund may be used.

8 (b) LIMITATION ON AMOUNT OF INCREASE IN AN AC-
9 COUNT.—The total amount in the account or fund for the
10 benefit of which a transfer is made under subsection (a)
11 during any fiscal year may not be increased by more than
12 20 percent of the amount of funds otherwise made avail-
13 able for such account or fund.

14 (c) EXCEPTIONS.—

15 (1) The percentage limitations contained in
16 subsections (a) and (b) shall not be applicable with
17 regard to transfers of funds to carry out the provi-
18 sions of subchapter A of chapter 1 of title II or of
19 chapter 1 of title III.

20 (2) The authority of this section shall not be
21 used to transfer funds from amounts made available
22 to carry out the provisions of title I of this Act, ex-
23 cept that the authority of this section may be used
24 to transfer such funds for the purposes of section
25 8509 in an amount not to exceed 5 percent of the

1 amount of the funds made available for section
2 8509(a).

3 (d) NOTIFICATION TO CONGRESS.—The authority of
4 subsection (a) may be exercised only if the Committee on
5 Foreign Affairs and the Committee on Appropriations of
6 the House of Representatives and the Committee on For-
7 eign Relations and the Committee on Appropriations of
8 the Senate are notified in advance of the exercise of that
9 authority.

10 **SEC. 7102. SPECIAL WAIVER AUTHORITY.**

11 (a) AUTHORITY.—The President may authorize the
12 taking of any action (or the refraining from the taking
13 of any action) under this Act, any annual (or periodic)
14 foreign assistance authorization or appropriations Acts, or
15 the Arms Export Control Act without regard to any of
16 the provisions described in subsection (c) if he deter-
17 mines—

18 (1) in cases under the Arms Export Control
19 Act, that to do so is essential to the national inter-
20 ests of the United States; and

21 (2) in any other cases under such Acts, that to
22 do so is important to the national interests of the
23 United States.

24 (b) OTHER ACTS.—The President may authorize the
25 taking of any action (or the refraining from the taking

1 of any action) under any other Act without regard to the
2 provisions described in paragraphs (1) and (2) of sub-
3 section (c), or of any annual (or periodic) foreign assist-
4 ance authorization or appropriations Acts, if the President
5 determines that to do so is important to the national inter-
6 est of the United States.

7 (c) LAWS WHICH MAY BE WAIVED.—The provisions
8 referred to in subsections (a) and (b) are—

9 (1) the provisions of this Act,

10 (2) the provisions of the Arms Export Control
11 Act,

12 (3) any other provisions of law that restrict the
13 authority to provide assistance, make sales or leases,
14 or take other actions (or refrain from taking ac-
15 tions) under the Acts in paragraphs (1) and (2), and

16 (4) any law relating to receipts and credits ac-
17 cruing to the United States, except for those provi-
18 sions of law contained in section 8551(a)(7).

19 (d) CONSULTATION WITH CONGRESS.—Before exer-
20 cising the authority granted in this section, the President
21 shall consult with, and shall provide a written policy jus-
22 tification to, the Committee on Foreign Affairs and the
23 Committee on Appropriations of the House of Representa-
24 tives and the Committee on Foreign Relations and the
25 Committee on Appropriations of the Senate.

1 (e) NOTIFICATION TO CONGRESS.—A determination
2 under subsection (a) or (b) shall be effective only if the
3 President notifies the Speaker of the House of Represent-
4 atives and the chairman of the Committee on Foreign Re-
5 lations of the Senate, in writing, of that determination.

6 (f) ANNUAL CEILINGS.—

7 (1) IN GENERAL.—The authority of this section
8 may not be used in any fiscal year to authorize—

9 (A) more than \$1,000,000,000 in sales or
10 leases to be made under the Arms Export Con-
11 trol Act;

12 (B) the use of more than \$500,000,000 of
13 funds made available for use under this Act;
14 and

15 (C) the use of more than \$100,000,000 of
16 foreign currencies accruing under this Act or
17 any other law.

18 (2) SALES UNDER THE ARMS EXPORT CONTROL
19 ACT.—If the authority of this section is used both to
20 authorize a sale or lease under the Arms Export
21 Control Act and to authorize funds to be used under
22 this Act with respect to the financing of that sale or
23 lease, then the use of the funds shall be counted
24 against the limitation in paragraph (1)(B) and the
25 portion, if any, of the sale or lease which is not so

1 financed shall be counted against the limitation in
2 paragraph (1)(A).

3 (3) LEASES.—For purposes of paragraph
4 (1)(A) the replacement cost, less any depreciation in
5 the value, of the defense articles authorized to be
6 leased shall be counted against the limitation in that
7 paragraph.

8 (4) COUNTRY LIMITS.—(A) Not more than
9 \$100,000,000 of the \$500,000,000 limitation pro-
10 vided in paragraph (1)(B) may be allocated to any
11 one country in any fiscal year unless that country is
12 a victim of active aggression.

13 (B) Not more than \$750,000,000 of the aggre-
14 gate limitation of \$1,500,000,000 provided in para-
15 graphs (1)(A) and (1)(B) may be allocated to any
16 one country in any fiscal year.

17 **SEC. 7103. UNANTICIPATED CONTINGENCIES.**

18 (a) AUTHORITY.—Notwithstanding any other provi-
19 sion of law, the President is authorized to use funds made
20 available to carry out any provision of this Act in order
21 to furnish, for any unanticipated contingency, assistance
22 or contributions authorized by any provision of this Act
23 in accordance with the provisions applicable to the furnish-
24 ing of such assistance or contributions.

1 (b) ANNUAL CEILING.—The authority of this section
2 may not be used to authorize the use of more than
3 \$100,000,000 during any fiscal year.

4 (c) REPORT TO CONGRESS.—The President shall re-
5 port promptly to the Speaker of the House of Representa-
6 tives and to the Committee on Foreign Relations and the
7 Committee on Appropriations of the Senate each time the
8 authority of this section is exercised.

9 (d) PROHIBITION ON GIFTS.—Funds used under the
10 authority of this section may not be used to pay for any
11 gifts to any official of any foreign government.

12 **SEC. 7104. ASSISTANCE FOR LAW ENFORCEMENT AGEN-**
13 **CIES.**

14 (a) STATEMENT OF POLICY.—

15 (1) In many countries, law enforcement agen-
16 cies may lag behind other institutions in their devel-
17 opment as democratic organizations and in their
18 ability to contribute to civilian order and may lack
19 autonomy from military authorities.

20 (2) Absent external assistance and encourage-
21 ment, such agencies may, in fact, undermine civilian
22 democratic rule.

23 (3) United States and international assistance
24 to these agencies may therefore be critical for the
25 support of fragile and emerging democracies.

1 (b) USES OF ASSISTANCE.—In addition to assistance
2 provided in support of the functions of law enforcement
3 agencies under chapter 4 of title III, assistance may be
4 provided under other provisions of this Act in support of
5 the functions of law enforcement agencies only—

6 (1) to reinforce the civilian democratic role of
7 agencies through, to the extent practicable as part of
8 a larger effort to support the development of the ad-
9 ministration of justice in the country—

10 (A) programs to enhance professionalism
11 (including programs to improve investigative
12 and forensic capabilities, to enhance protection
13 of participants in judicial cases, and to improve
14 administrative and management functions);

15 (B) contacts with counterparts in estab-
16 lished democracies; and

17 (C) programs designed to enhance respect
18 for human rights and understanding of prin-
19 ciples of civilian control in a democratic society;

20 (2) to enhance the practical accountability of
21 law enforcement agencies to civil justice institutions;

22 (3) to improve penal institutions and the reha-
23 bilitation of offenders when doing so is considered
24 part of a larger administration of justice program;

1 (4) to assist a country which has a democratic
2 tradition, does not have standing armed forces, and
3 does not engage in a consistent pattern of gross vio-
4 lations of internationally recognized human rights;

5 (5) for maritime law enforcement and other
6 maritime skills, including training;

7 (6) to protect and maintain wildlife habitats
8 and to develop sound wildlife management and plant
9 conservation programs;

10 (7) to improve the functioning of customs agen-
11 cies, exclusive of traditional law enforcement activi-
12 ties;

13 (8) for assistance to police forces in connection
14 with their participation in the regional security sys-
15 tem of the Eastern Caribbean; and

16 (9) to meet the challenges described in section
17 2102(a)(3).

18 (c) OTHER ASSISTANCE.—Funds made available to
19 carry out the provisions of title I, and chapter 2 of title
20 IV (insofar as such funds are used for reconstruction ac-
21 tivities), may be used in support of law enforcement func-
22 tions only pursuant to subsections (b) (1), (2), and (6)
23 of this section.

1 **SEC. 7105. TERMINATION EXPENSES.**

2 (a) IN GENERAL.—Funds made available under this
3 Act, the former authority of the Foreign Assistance Act
4 of 1961, the former authority of section 23 of the Arms
5 Export Control Act, or other predecessor legislation shall
6 remain available for obligation for a period not to exceed
7 8 months from the date of any termination of assistance
8 under such Acts for the necessary expenses of winding up
9 programs related to such termination and may remain
10 available until expended. Funds obligated under the au-
11 thority of such Acts prior to the effective date of the termi-
12 nation of assistance may remain available for expenditure
13 for the necessary expenses of winding up programs related
14 to such termination notwithstanding any provision of law
15 restricting the expenditure of funds. In order to ensure
16 the effectiveness of such assistance, such expenses for or-
17 derly termination of programs may include the obligation
18 and expenditure of funds to complete the training or stud-
19 ies outside their countries of origin of students whose
20 course of study or training program began before assist-
21 ance was terminated.

22 (b) LIABILITY TO CONTRACTORS.—For the purpose
23 of making an equitable settlement of termination claims
24 under extraordinary contractual relief standards, the
25 President is authorized to adopt as a contract or other
26 obligation of the United States Government, and assume

1 (in whole or in part) any liabilities arising thereunder, any
2 contract with a United States or third-country contractor
3 that had been funded with assistance under such Acts
4 prior to the termination of assistance.

5 (c) TERMINATION EXPENSES.—Amounts certified as
6 having been obligated for assistance subsequently termi-
7 nated by the President, or pursuant to any provision of
8 law, shall continue to remain available and may be
9 reobligated to meet any necessary expenses arising from
10 the termination of such assistance.

11 (d) GUARANTY PROGRAMS.—Provisions of this or
12 any other Act requiring the termination of assistance
13 under this or any other Act shall not be construed to re-
14 quire the termination of guarantee commitments that were
15 entered into prior to the effective date of the termination
16 of assistance.

17 (e) RELATION TO OTHER PROVISIONS.—Unless spe-
18 cifically made inapplicable by another provision of law, the
19 provisions of this section shall be applicable to the termi-
20 nation of assistance pursuant to any provision of law.

21 **SEC. 7106. EXEMPTION OF ASSISTANCE THROUGH NON-**
22 **GOVERNMENTAL ORGANIZATIONS FROM RE-**
23 **STRICTIONS.**

24 (a) RESTRICTIONS NOT APPLICABLE.—Subject to
25 subsection (c), restrictions contained in this or any other

1 Act with respect to assistance for a country shall not be
2 construed to restrict assistance in support of programs of
3 nongovernmental organizations or programs of inter-
4 national organizations or arrangements.

5 (b) NATIONAL INTEREST CRITERIA.—The President
6 shall take into consideration, in any case in which a re-
7 striction on assistance would be applicable but for this sec-
8 tion, whether assistance for programs of nongovernmental
9 organizations or programs of international organizations
10 or arrangements is in the national interest of the United
11 States.

12 (c) NOTICE TO CONGRESS.—Whenever the authority
13 of this section is used to furnish assistance for a program
14 of a nongovernmental organization or of an international
15 organization or arrangement, the President shall notify
16 the Committee on Foreign Affairs and the Committee on
17 Appropriations of the House of Representatives and the
18 Committee on Foreign Relations and the Committee on
19 Appropriations of the Senate. Such notification shall de-
20 scribe the program assisted, the assistance provided, and
21 the reasons for furnishing such assistance.

22 **SEC. 7107. EXEMPTION OF TRAINING ACTIVITIES FROM**
23 **PROHIBITIONS.**

24 Provisions of this or any other Act shall not be con-
25 strued to prohibit assistance for any training activity

1 funded under this Act for a country as long as that coun-
2 try has a democratically elected government and the as-
3 sistance is otherwise consistent with section 7201(a)(1),
4 section 7201(a)(2) and section 7201(a)(5).

5 **SEC. 7108. NONAPPLICABILITY TO DEFENSE ASSISTANCE**
6 **OF CERTAIN NEUTRALITY ACT PROVISIONS.**

7 The functions authorized under this Act may be per-
8 formed without regard to such provisions as the President
9 may specify of the Neutrality Act of 1939.

10 **SEC. 7109. EXEMPTION FROM PROHIBITIONS FOR ASSIST-**
11 **ANCE TO ADDRESS CERTAIN SPECIAL NEEDS.**

12 (a) EXEMPTION.—Unless expressly provided to the
13 contrary, provisions of this or any other Act, including
14 provisions in previously enacted legislation, shall not be
15 construed to prohibit the following activities:

16 (1) Meeting the needs of individuals with dis-
17 abilities.

18 (2) Addressing the needs of displaced children.

19 (3) Child survival activities.

20 (4) The prevention and control of acquired im-
21 mune deficiency syndrome (AIDS).

22 (5) Environmentally sound, sustainable re-
23 source management, and more efficient energy sys-
24 tems.

3 (7) Helping to reduce excessive population
4 growth rates.

(b) EXCEPTIONS.—Subsection (a) does not apply to governments of countries to which assistance is prohibited under paragraphs (2) and (5) of section 7201(a).

8 SEC. 7110. AUTHORITY TO CONDUCT REIMBURSABLE PRO-
9 GRAMS.

(a) GENERAL AUTHORITY.—Whenever the President considers it consistent with and within the limitations of this Act, any agency of the United States Government is authorized to furnish services and articles on an advance-of-funds or reimbursement basis to friendly countries, international organizations and arrangements, and non-governmental organizations and may contract in advance of appropriations or reimbursement of such purposes.

(b) PERSONAL SERVICE CONTRACTS.—When any agency of the United States Government 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 to perform such services or to replace officers or employees of the United States Government in a manner otherwise permitted by law (or Office of Management and Budget Cir-

1 cular A-76 or any successor circular) who are assigned
2 by the agency to provide such services. Such individuals
3 shall not be regarded as employees of the United States
4 Government for the purpose of any law administered by
5 the Office of Personnel Management.

6 (c) LIMITATIONS ON ASSISTANCE NOT APPLICA-
7 BLE.—Limitations in this or any other Act on assistance
8 do not apply with respect to this section.

9 (d) USE OF PAYMENTS.—Advances and reimburse-
10 ments received under this section may either be credited
11 to the currently applicable appropriation, account, or fund
12 of the agency concerned or shall be available until ex-
13 pended.

14 **SEC. 7111. DRAWDOWN AUTHORITY.**

15 (a) UNFORESEEN EMERGENCIES.—If the President
16 determines that—

17 (1) an unforeseen emergency exists which re-
18 quires immediate military assistance to a foreign
19 country or international organization, and

20 (2) the emergency requirement cannot be met
21 under the authority of the Arms Export Control Act
22 or any other law except this section,

23 the President may direct, for the purposes of this Act, the
24 drawdown of articles and services, of an aggregate value

1 not to exceed \$100,000,000 in any fiscal year, from the
2 inventory and resources of the Department of Defense.

3 (b) SPECIAL CIRCUMSTANCES.—If the President de-
4 termines that it is in the national interest of the United
5 States to do so, the President may direct the drawdown
6 of articles and services, of an aggregate value not to ex-
7 ceed \$150,000,000 in any fiscal year, from the inventory
8 and resources of any agency of the United States Govern-
9 ment for the purposes and under the authorities of—

10 (1) chapter 4 of title III of this Act;

11 (2) chapter 1 of title IV of this Act; or

12 (3) chapter 2 of title IV of this Act.

13 (c)(1) The authority of this section may be exercised
14 only if the Committee on Foreign Affairs and the Commit-
15 tee on Appropriations of the House of Representatives and
16 the Committee on Foreign Relations and the Committee
17 on Appropriations of the Senate are notified in advance
18 of the exercise of that authority.

19 (2) CONTINUING INFORMATION.—The President
20 shall keep the Congress fully and currently informed of
21 all articles and services provided under this section.

22 (d) AUTHORIZATION OF APPROPRIATIONS.—There
23 are authorized to be appropriated to the President such
24 sums as may be necessary to reimburse the applicable ap-

1 appropriation, fund, or account for articles and services pro-
2 vided under this section.

3 **SEC. 7112. INTEREST ACCRUING TO NONGOVERNMENTAL**
4 **ORGANIZATIONS.**

5 Upon the approval of the President, a nongovern-
6 mental organization may place in an interest bearing ac-
7 count—

8 (1) funds made available on a grant basis under
9 this Act (or predecessor legislation); and

10 (2) local currencies which accrue to that organi-
11 zation as a result of grant assistance provided under
12 this Act (or predecessor legislation) or assistance
13 under titles I through III of the Agricultural Trade
14 Development and Assistance Act of 1954, section
15 416(b) of the Agricultural Act of 1949, or the Food
16 for Progress Act of 1985.

17 Any interest so earned may be retained by the nongovern-
18 mental organization and used for the purpose for which
19 the assistance was provided to that organization, which
20 may include support for an endowment.

21 **SEC. 7113. DEVELOPMENT EDUCATION.**

22 The President may use funds made available for sus-
23 tainable development assistance under this Act to support
24 development education programs, with emphasis on those
25 conducted by private voluntary organizations and coopera-

1 tives, in order to assist in the education of United States
2 citizens about developing countries, the development proc-
3 ess, the interdependence of developed and developing coun-
4 tries, and the importance to the United States of develop-
5 ing countries.

6 **SEC. 7114. STRENGTHENING THE CAPACITY OF NON-**
7 **GOVERNMENTAL ORGANIZATIONS, INCLUD-**
8 **ING RESEARCH AND EDUCATIONAL INSTITU-**
9 **TIONS.**

10 The President may use funds made available for as-
11 sistance under this Act to furnish assistance to nongovern-
12 mental organizations, including research and educational
13 institutions, in the United States and abroad for the pur-
14 pose of strengthening their capacity to develop and carry
15 out programs concerned with the economic and social de-
16 velopment of developing countries.

17 **SEC. 7115. VIOLATIONS OF INTERNATIONAL HUMANI-**
18 **TARIAN LAW.**

19 (a) **AUTHORITY FOR USE OF FUNDS.**—The President
20 may use funds made available to carry out the purposes
21 of chapters 1 and 4 of title III of this Act to support ac-
22 tivities of international tribunals, commissions, or panels
23 to investigate or prosecute persons responsible for geno-
24 cide, crimes against humanity, and other violations of
25 international humanitarian law.

1 (b) DRAWDOWN AUTHORITY.—If the President de-
2 termines that doing so is important to support the activi-
3 ties described in subsection (a), the President may direct
4 the drawdown of articles and services, of an aggregate
5 value not to exceed \$25,000,000 in any fiscal year, from
6 the inventory and resources of any agency of the United
7 States.

8 (c) REIMBURSEMENT.—There are authorized to be
9 appropriated to the President such sums as may be nec-
10 essary to reimburse the applicable appropriation, fund, or
11 account for articles and services provided under this sub-
12 section (b).

13 **SEC. 7116. LAWS RELATING TO CONTRACTS AND GOVERN-**
14 **MENT EXPENDITURES.**

15 Whenever the President determines it to be in fur-
16 therance of the purposes of this Act, the functions author-
17 ized under this Act may be performed without regard to
18 such provisions of law regulating the making, perform-
19 ance, amendment, or modification of contracts and the ex-
20 penditure of funds of the United States Government as
21 the President may specify, except for those provisions con-
22 tained in section 8551(a)(7) of this Act.

1 **SEC. 7117. TRANSPORTATION CHARGES INCURRED BY THE**
 2 **RED CROSS AND NONGOVERNMENTAL ORGA-**
 3 **NIZATIONS.**

4 In order to further the efficient use of United States
 5 voluntary contributions for development and for relief and
 6 rehabilitation in furtherance of the purposes of this Act,
 7 the President may use funds made available for assistance
 8 under this Act, to pay transportation charges on ship-
 9 ments by the American National Red Cross and by United
 10 States nongovernmental organizations.

11 **CHAPTER 2—RESTRICTIONS ON ASSISTANCE**

12 **SEC. 7201. INELIGIBLE COUNTRIES.**

13 (a) RESTRICTIONS.—Except as provided in sub-
 14 section (b), assistance under this Act may not be furnished
 15 to the government of a country that is:

16 (1) COMMUNIST COUNTRIES.—A communist
 17 country, as designated under subsection (d).

18 (2) HUMAN RIGHTS VIOLATORS.—A country de-
 19 scribed in subsection (e).

20 (3) EXPROPRIATION OF UNITED STATES PROP-
 21 ERTY.—A country whose government—

22 (A) has on or after January 1, 1962—

23 (i) expropriated the property of any
 24 United States person,

25 (ii) repudiated or nullified any con-
 26 tract with any United States person, or

1 (iii) taken any other action (such as
2 discriminatory taxes or other exactions)
3 which has the effect of seizing ownership
4 or control of the property of any United
5 States person, and

6 (B) has not within a reasonable period of
7 time provided adequate and effective compensa-
8 tion or is not engaged in good faith efforts to
9 negotiate a settlement, if the United States per-
10 son has exhausted host country legal and other
11 formal remedies.

12 (4) MILITARY COUPS.—A country whose duly-
13 elected Head of Government is deposed by military
14 coup or decree unless subsequent to the military
15 coup or decree a democratically-elected government
16 has taken office.

17 (5) TERRORIST COUNTRIES.—A country whose
18 government the President determines repeatedly pro-
19 vides support for acts of international terrorism.

20 (6) MAJOR ILLICIT DRUG PRODUCING OR
21 MAJOR DRUG TRANSIT COUNTRIES.—A country de-
22 scribed in section 7206.

23 (7) COUNTRIES IN ARREARS.—A country that
24 is more than one year in arrears to the United
25 States Government on any payment of interest or

1 principal on any loan made or credit extended under
2 this Act, the Arms Export Control Act, or the
3 former authorities of the Foreign Assistance Act of
4 1961.

5 (b) EXCEPTIONS.—

6 (1) IN GENERAL.—Funds may be obligated and
7 expended for assistance restricted by subsection (a),
8 or other provisions of law that restrict assistance to
9 countries, under any of the following circumstances:

10 (A) NATIONAL INTEREST.—The President
11 determines that the furnishing of such assist-
12 ance is important to the national interests of
13 the United States.

14 (B) ALLEVIATING SUFFERING RESULTING
15 FROM A DISASTER.—The assistance is for the
16 alleviation of suffering resulting from a natural
17 or manmade disaster.

18 (C) DIRECTLY BENEFITTING THE
19 NEEDY.—The assistance will directly benefit the
20 needy people in the country.

21 (D) REFUGEES AND DISPLACED PER-
22 SONS.—The assistance is for the purposes de-
23 scribed in section 4101(b).

24 (E) PROMOTING HUMAN RIGHTS AND DE-
25 MOCRACY.—The assistance will be furnished

1 through nongovernmental organizations to di-
2 rectly promote increased respect for internation-
3 ally recognized human rights and the develop-
4 ment of democracy.

5 (2) With respect to the restrictions imposed by
6 subsection (g) or any other provision of law to which
7 this subsection applies, references in this subsection
8 to furnishing assistance shall be deemed to include
9 the taking of other action that, but for this sub-
10 section, would be restricted by such provision.

11 (c) REPORT TO CONGRESS.—Assistance restricted by
12 subsection (a) may not be provided under subsection (b)
13 until the President has submitted to the Speaker of the
14 House of Representatives and the chairman of the Com-
15 mittee on Foreign Relations of the Senate, a report with
16 respect to such assistance. Any such report shall include
17 a detailed explanation of the assistance to be provided, in-
18 cluding the estimated dollar amount of such assistance,
19 and an explanation of how the assistance meets the cri-
20 teria specified in subsection (b).

21 (d) COMMUNIST COUNTRY LIST.—

22 (1) ESTABLISHMENT.—The President shall des-
23 ignate those countries that are Communist countries
24 for purposes of subsection (a)(1).

1 (2) PUBLICATION OF LIST.—The initial list of
2 countries designated pursuant to this subsection
3 shall be published in the Federal Register and shall
4 be provided to the Congress. Thereafter, any addi-
5 tions to or deletions from such list shall be similarly
6 published and provided.

7 (3) REMOVAL OF COUNTRIES FROM THE LIST;
8 EXEMPTIONS.—The President may remove a country
9 from the Communist country list established pursu-
10 ant to this section, or may exempt a listed country
11 from the application of subsection (a)(1) or other
12 provisions of law that reference subsection (a)(1), if
13 the President promptly reports such removal or ex-
14 emption to the Speaker of the House of Representa-
15 tives and the chairman of the Committee on Foreign
16 Relations of the Senate.

17 (e) HUMAN RIGHTS VIOLATORS.—

18 (1) INELIGIBILITY.—Subsection (a)(2) shall
19 apply to any country the government of which en-
20 engages in a consistent pattern of gross violations of
21 internationally recognized human rights.

22 (2) MATTERS TO BE CONSIDERED.—In imple-
23 menting subsection (a)(2), consideration shall be
24 given to the following:

1 (A) The relevant findings of appropriate
2 international organizations and nongovern-
3 mental organizations.

4 (B) The extent of cooperation by the gov-
5 ernment in question in permitting an
6 unimpeded investigation by indigenous non-
7 governmental organizations, other nongovern-
8 mental organizations, and international organi-
9 zations (such as the International Committee of
10 the Red Cross), of alleged violations of inter-
11 nationally recognized human rights.

12 (C) Specific actions that have been taken
13 by the President or the Congress relating to the
14 human rights practices of the government in
15 question.

16 (D) The likely effect that a determination
17 of ineligibility under this subsection is expected
18 to have on the human rights process of the
19 country concerned.

20 (f) TERRORIST COUNTRIES.—The President shall
21 promptly report to the Speaker of the House of Represent-
22 atives and the chairman of the Committee on Foreign Re-
23 lations of the Senate the rescission of a determination that
24 the government of a country repeatedly provides support
25 for acts of international terrorism.

1 (g) RELATED RESTRICTIONS ON ASSISTANCE.—

2 (1) HUMAN RIGHTS VIOLATORS.—Subsection
3 (a)(2) shall be deemed to prohibit, in addition to the
4 furnishing of assistance under this Act—

5 (A) sales of defense articles, defense serv-
6 ices, or design and construction services under
7 the Arms Export Control Act;

8 (B) licenses under section 38 of the Arms
9 Export Control Act with respect to the export
10 of defense articles or defense services to or for
11 the armed forces, police, intelligence, or other
12 internal security forces of a foreign country;
13 and

14 (C) licenses required under the Export Ad-
15 ministration Act of 1979 for the export of crime
16 control and detection instruments and equip-
17 ment.

18 (2) TERRORIST COUNTRIES.—Subsection (a)(5)
19 shall be deemed to prohibit, in addition to the fur-
20 nishing of assistance under this Act, the furnishing
21 of assistance under the Agricultural Trade Develop-
22 ment and Assistance Act of 1954 and the Peace
23 Corps Act, and the provision of loans, guaranties,
24 and insurance under the Export-Import Bank Act of
25 1945.

1 (3) MAJOR ILLICIT DRUG PRODUCING AND
2 MAJOR DRUG TRANSIT COUNTRIES.—

3 (A) Subsection (a)(6) shall be deemed to
4 prohibit, in addition to the furnishing of assist-
5 ance under this Act, (i) sales under the Arms
6 Export Control Act, (ii) the provision of agri-
7 cultural commodities other than food under the
8 Agricultural Trade Development and Assistance
9 Act of 1954, and (iii) loans, guarantees and in-
10 surance under the Export-Import Bank Act of
11 1945.

12 (B) Notwithstanding subparagraph (A),
13 subsection (a)(6) shall not be deemed to pro-
14 hibit (i) disaster relief assistance, refugee as-
15 sistance or assistance that involves the provi-
16 sion of food (including monetization of food) or
17 medicine (including any such assistance pro-
18 vided under title IV), and (ii) assistance for
19 narcotics education and awareness activities.

20 (C) With respect to any country for which
21 assistance is prohibited under section (a)(6),
22 the President should instruct the United States
23 Executive Director of the International Bank
24 for Reconstruction and Development, the
25 United States Executive Director of the Inter-

1 national Development Association, the United
2 States Executive Director of the Inter-American
3 Development Bank, and the United States Ex-
4 ecutive Director of the Asian Development
5 Bank to vote, during the period in which assist-
6 ance is prohibited under subsection (a)(6),
7 against any loan or other utilization of the
8 funds of their respective institution to or for
9 any major illicit drug producing country or
10 major drug-transit country, except as provided
11 in subsection (b).

12 **SEC. 7202. IMPACT OF FOREIGN ASSISTANCE PROGRAMS**
13 **ON JOBS IN THE UNITED STATES.**

14 Funds made available to carry out the provisions of
15 this Act may not be made available to provide—

16 (1) any financial incentive to a business enter-
17 prise located in the United States for the purpose of
18 inducing that enterprise to relocate outside the
19 United States if such incentive or inducement is
20 likely to reduce the number of individuals employed
21 in the United States by that enterprise because that
22 enterprise would replace production in the United
23 States with production outside the United States;

24 (2) assistance for the purpose of establishing or
25 developing in a foreign country any export process-

1 ing zone or designated area in which the tax, tariff,
2 labor, environment, and safety laws of that country
3 do not apply, in part or in whole, to activities car-
4 ried out within that zone or area, unless the Presi-
5 dent determines and certifies that such assistance is
6 not likely to cause a loss of jobs within the United
7 States; or

8 (3) assistance for any project or activity that
9 contributes to the violation of internationally recog-
10 nized workers rights (as defined in section 502(a)(4)
11 of the Trade Act of 1974) of workers in the recipi-
12 ent country, including in any designated zone or
13 area in that country.

14 In recognition that the application of paragraph (3) should
15 be commensurate with the level of development of the re-
16 cipient country and sector, that paragraph does not pre-
17 clude assistance for the informal sector in such country,
18 for microenterprises and small-scale enterprises, or for
19 small-holder agriculture.

20 **SEC. 7203. FAMILY PLANNING ACTIVITIES.**

21 Funds made available to carry out this Act may not
22 be—

23 (1) used to coerce any person to practice abor-
24 tions; or

1 (2) used to pay for the performance of involun-
2 tary sterilizations or to coerce or provide any finan-
3 cial incentive to any person to undergo sterilizations.

4 **SEC. 7204. COMPETITION WITH UNITED STATES EXPORTS.**

5 In determining whether to provide assistance under
6 this Act, the President should take into consideration
7 whether such assistance would be furnished for direct sup-
8 port for any project or activity that is specifically designed
9 to increase exports of any agricultural, textile, or apparel
10 commodity from a developing country where such ex-
11 ports—

12 (1) would be in direct competition with United
13 States exports, and

14 (2) can reasonably be expected to cause sub-
15 stantial injury to United States exporters of the
16 same or substantially similar commodity.

17 **SEC. 7205. NUCLEAR NONPROLIFERATION.**

18 (a) NUCLEAR ENRICHMENT TRANSFERS.—

19 (1) Except as provided in paragraph (2) of this
20 subsection, no funds made available to carry out the
21 provisions of this Act may be used for the purpose
22 of providing assistance, to any country that, on or
23 after the date of enactment of the International Se-
24 curity Assistance Act of 1977, delivers nuclear en-
25 richment equipment, materials, or technology to a

1 nonnuclear weapon state or, if a nonnuclear weapon
2 state, receives such equipment, materials, or tech-
3 nology from any other country, unless before such
4 delivery—

5 (A) the supplying country and receiving
6 country have reached agreement to place all
7 such equipment, materials, or technology, upon
8 delivery, under multilateral auspices and man-
9 agement when available; and

10 (B) the recipient country has entered into
11 an agreement with the International Atomic
12 Energy Agency to place all such equipment,
13 materials, technology, and all nuclear fuel and
14 facilities in such country under the safeguards
15 system of such Agency.

16 (2)(A) Notwithstanding paragraph (1) of the
17 subsection, the President may furnish assistance
18 which would otherwise be prohibited under such sub-
19 section if he determines and certifies in writing to
20 the Speaker of the House of Representatives and the
21 Committee on Foreign Relations of the Senate
22 that—

23 (i) the termination of such assistance
24 would have a serious adverse effect on vital
25 United States interests; and

1 (ii) the President has received reliable as-
2 surances that the country in question will not
3 acquire or develop nuclear weapons or assist
4 other nations in doing so.

5 A certification under subparagraph (A) of this para-
6 graph shall set forth the reasons supporting such de-
7 termination in each particular case.

8 (B) A certification under subparagraph (A) of
9 this paragraph shall take effect on the date on which
10 the certification is received by the Congress. How-
11 ever, if, within 30 calendar days after receiving this
12 certification, the Congress adopts a joint resolution
13 stating in substance that the Congress disapproves
14 the furnishing of assistance pursuant to the certifi-
15 cation, then upon the adoption of that resolution the
16 certification shall cease to be effective and all deliv-
17 eries of assistance furnished under the authority of
18 that certification shall be suspended immediately.

19 (C) Any joint resolution under this paragraph
20 shall be considered in the Senate in accordance with
21 the provisions of section 601(b) of the International
22 Security Assistance and Arms Export Control Act of
23 1976.

24 (D) For the purpose of expediting the consider-
25 ation and adoption of joint resolutions under this

1 paragraph, a motion to proceed to the consideration
2 of any such resolution after it has been reported by
3 the appropriate committee shall be treated as highly
4 privileged in the House of Representatives.

5 (b) NUCLEAR REPROCESSING TRANSFERS, ILLEGAL
6 EXPORTS FOR NUCLEAR EXPLOSIVE DEVICES.—

7 (1) Except as provided in paragraph (2) of this
8 subsection, no funds made available to carry out the
9 provisions of this Act may be used for the purpose
10 of providing assistance to any country that—

11 (A) on or after the date of enactment of
12 the International Security Assistance Act of
13 1977, delivers nuclear reprocessing equipment,
14 materials, or technology to a nonnuclear weap-
15 on state or, if a nonnuclear weapon state, re-
16 ceives such equipment, materials, or technology
17 from any other country (except for the transfer
18 of reprocessing technology associated with the
19 investigation, under international evaluation
20 programs in which the United States partici-
21 pates, or technologies which are alternatives to
22 pure plutonium reprocessing); or

23 (B) is a nonnuclear-weapon state which, on
24 or after the date of enactment of the Inter-
25 national Security and Development Cooperation

1 Act of 1985, exports illegally or attempts to ex-
2 port illegally from the United States any mate-
3 rial, equipment, or technology which would con-
4 tribute significantly to the ability of such coun-
5 try to manufacture a nuclear explosive device, if
6 the President determines that the material,
7 equipment, or technology was to be used by
8 such country in the manufacture of a nuclear
9 explosive device; for purposes of this subpara-
10 graph, an export or attempted export by a per-
11 son who is an agent of, or is otherwise acting
12 on behalf of or in the interests of, a country
13 shall be considered to be an export or at-
14 tempted export by that country.

15 (2) Notwithstanding paragraph (1) of this sub-
16 section, the President may furnish assistance which
17 would otherwise be prohibited under that paragraph
18 if the President determines and certifies in writing
19 to the Speaker of the House of Representatives and
20 the Committee on Foreign Relations of the Senate
21 that the termination of such assistance would be se-
22 riously prejudicial to the achievement of United
23 States nonproliferation objectives or otherwise jeop-
24 ardize the common defense and security. The Presi-

1 dent shall transmit with such certification a state-
2 ment setting forth the specific reasons therefor.

3 (3)(A) A certification under paragraph (2) of
4 this subsection shall take effect on the day on which
5 the certification is received by the Congress. How-
6 ever, if within 30 calendar days after receiving this
7 certification, the Congress adopts a joint resolution
8 stating in substance that the Congress disapproves
9 the furnishing of assistance pursuant to the certifi-
10 cation, then upon the adoption of that resolution the
11 certification shall cease to be effective and all deliv-
12 eries of assistance furnished under the authority of
13 that certification shall be suspended immediately.

14 (B) Any joint resolution under this paragraph
15 shall be considered in the Senate in accordance with
16 the provisions of section 601(b) of the International
17 Security Assistance and Arms Export Control Act of
18 1976.

19 (C) For the purpose of expediting the consider-
20 ation and adoption of joint resolutions under this
21 paragraph, a motion to proceed to the consideration
22 of any such resolution after it has been reported by
23 the appropriate committee shall be treated as highly
24 privileged in the House of Representatives.

1 (c) TRANSFERS OF NUCLEAR EXPLOSIVE DEVICES
2 AND NUCLEAR DETONATIONS.—

3 (1) Except as provided in paragraphs (2) and
4 (3) of this subsection, no funds made available to
5 carry out the provisions of this Act may be used for
6 the purpose of providing assistance to any country
7 that, on or after the date of enactment of the Inter-
8 national Security Assistance Act of 1977—

9 (A) transfers a nuclear explosive device to
10 a nonnuclear-weapon state, or

11 (B) is a nonnuclear-weapon state and ei-
12 ther—

13 (i) receives a nuclear explosive device,

14 or

15 (ii) detonates a nuclear explosive de-
16 vice.

17 (2)(A) Notwithstanding paragraph (1) of this
18 subsection, the President may, for a period of not
19 more than 30 days of continuous session, furnish as-
20 sistance which would otherwise be prohibited under
21 paragraph (1) of this subsection if, before furnishing
22 such assistance, the President transmits to the
23 Speaker of the House of Representatives, and to the
24 Chairman of the Committee on Foreign Relations of
25 the Senate, a certification that the President has de-

1 terminated that an immediate termination of assist-
2 ance to that country would be detrimental to the na-
3 tional security of the United States. Not more than
4 one such certification may be transmitted for a
5 country with respect to the same detonation, trans-
6 fer, or receipt of a nuclear explosive device.

7 (B) If the President transmits a certification to
8 the Congress under subparagraph (A), a joint reso-
9 lution which would permit the President to exercise
10 the waiver authority of subparagraph (3) of this
11 subsection shall, if introduced in either House within
12 30 days of continuous session after the Congress re-
13 ceives this certification, be considered in the Senate
14 and House of Representatives in accordance with
15 subparagraphs (C) and (D) of this paragraph.

16 (C) Any joint resolution under this paragraph
17 shall be considered in the Senate in accordance with
18 the provisions of section 601(b) of the International
19 Security Assistance and Arms Export Control Act of
20 1976.

21 (D) For the purpose of expediting the consider-
22 ation and adoption of a joint resolution under this
23 paragraph, a motion to proceed to the consideration
24 of such a joint resolution after it has been reported

1 by the appropriate committee shall be treated as
2 highly privileged in the House of Representatives.

3 (E) For purposes of this paragraph, the term
4 “joint resolution” means a joint resolution the mat-
5 ter after the resolving clause of which is as follows:
6 “That the Congress having received on a certifi-
7 cation by the President under section 7205(c)(2) of
8 the Peace, Prosperity, and Democracy Act of 1994
9 with respect to * * *, the Congress hereby author-
10 izes the President to exercise the waiver authority
11 contained in section 7205(c)(3) of that Act.”, with
12 the date of receipt of the certification inserted in the
13 first blank and the name of the country inserted in
14 the second blank.

15 (3) Notwithstanding paragraph (1) of this sub-
16 section, if the Congress enacts a joint resolution
17 under paragraph (2) of this subsection, the Presi-
18 dent may furnish assistance which would otherwise
19 be prohibited under paragraph (1) if he determines
20 and certifies in writing to the Speaker of the House
21 of Representatives and the Committee on Foreign
22 Relations of the Senate that the termination of such
23 assistance would be seriously prejudicial to the
24 achievement of United States nonproliferation objec-
25 tives or otherwise jeopardize the common defense

1 and security. The President shall transmit with such
2 certification a statement setting forth the specific
3 reasons therefor.

4 (4) For purposes of this subsection, continuity
5 of session is broken only by an adjournment of Con-
6 gress sine die and the days on which either House
7 is not in session because of an adjournment of more
8 than three days to a day certain are excluded in the
9 computation of any period of time in which Congress
10 is in continuous session.

11 (d) As used in this section, the term “nonnuclear-
12 weapon state” means any country which is not a nuclear-
13 weapon state, as defined in article IX(3) of the Treaty
14 on the Non-Proliferation of Nuclear Weapons.

15 (e) PAKISTAN.—No assistance shall be furnished to
16 Pakistan and no military equipment or technology shall
17 be sold or transferred to Pakistan, pursuant to the au-
18 thorities contained in this Act or any other Act, unless
19 the President shall have certified in writing to the Speaker
20 of the House of Representatives and the chairman of the
21 Committee on Foreign Relations of the Senate, during the
22 fiscal year in which assistance is to be furnished or mili-
23 tary equipment or technology is to be sold or transferred,
24 that Pakistan does not possess a nuclear explosive device
25 and that the proposed United States assistance program

1 will reduce significantly the risk that Pakistan will possess
2 a nuclear explosive device.

3 **SEC. 7206. MAJOR ILLICIT DRUG PRODUCING AND DRUG**
4 **TRANSIT COUNTRIES.**

5 (a) APPLICATION OF RESTRICTION.—Section
6 7201(a)(6) shall apply to any major illicit drug producing
7 country and any major drug-transit country if the Presi-
8 dent determines, at the time of the submission of the re-
9 port required by section 7303, that during the previous
10 fiscal year the country has not cooperated with the United
11 States, and has otherwise not taken adequate steps to con-
12 trol the illicit cultivation, production, and smuggling of,
13 trafficking in, and abuse of narcotic and psychotropic
14 drugs. The President may rescind such a determination,
15 and section 7201(a)(6) shall cease to apply, if the Presi-
16 dent subsequently determines that the country has re-
17 sumed cooperating with the United States, or otherwise
18 has taken adequate steps to control the illicit cultivation,
19 production, and smuggling of, trafficking in, and abuse
20 of narcotic and psychotropic drugs.

21 (b) WITHHOLDING.—For any country that was a
22 major illicit drug producing or drug-transit country (as
23 defined in sections 8551(a) (11) and (12)) during the pre-
24 vious fiscal year, the President may withhold from obliga-
25 tion or expenditure up to fifty percent of assistance which

1 is allocated to such country each fiscal year in the report
2 required by section 7304 until the determination provided
3 for in section 7206 is made.

4 (c) In implementing subsection (a), the President
5 should consider the extent to which the country has—

6 (1) accomplished the goals described in an ap-
7 plicable bilateral narcotics agreement with the Unit-
8 ed States or a multilateral agreement;

9 (2) investigated and immobilized major organi-
10 zations involved in the production, processing, or
11 distribution of narcotics and dangerous drugs;

12 (3) achieved significant increases in seizures of
13 the proceeds and instrumentalities of the illicit drug
14 trade;

15 (4) achieved significant reductions, where appli-
16 cable, in the net production of illicit narcotic crops
17 through forced or voluntary eradication efforts;

18 (5) prevented and punished the laundering in
19 that country of drug-related moneys;

20 (6) prevented and punished public corruption
21 that facilitates the production, processing, or ship-
22 ment of narcotic and psychotropic drugs and other
23 controlled substances, or that discourages the inves-
24 tigation or prosecution of such acts;

1 (7) processed expeditiously United States and
2 other extradition requests related to narcotics traf-
3 ficking;

4 (8) increased public awareness of the heinous
5 nature of drug abuse and reduced the demand and
6 the consumption of narcotics and dangerous drugs;
7 and

8 (9) if it is a producer of licit opium, taken steps
9 to prevent significant diversion of its licit cultivation
10 and production into the illicit market, to maintain
11 production of stockpiles at levels no higher than
12 those consistent with licit market demands, and to
13 prevent illicit cultivation and production.

14 **SEC. 7207. ASSISTANCE FOR ELECTIONS.**

15 Funds made available for assistance under this Act
16 that are used to enhance the independence and perform-
17 ance of electoral processes may not be used for the pur-
18 pose of influencing the outcome of any election in any
19 country.

20 **SEC. 7208. ASSIGNMENT OF PERSONNEL.**

21 (a) ASSIGNMENT OR DETAIL.—Members of the
22 Armed Forces may be assigned or detailed to perform
23 functions related to assistance under this Act adminis-
24 tered through the Department of Defense, provided they
25 not perform duties of a combatant nature, including any

1 duty related to training and advising that may engage
2 United States Armed Forces personnel in combat activi-
3 ties, outside the United States in connection with the per-
4 formance of those defense services.

5 (b) EXCEPTION.—The limitation contained in sub-
6 section (a) shall not apply if the President determines, and
7 reports to the Congress, that its application would not be
8 in the national interest of the United States.

9 **SEC. 7209. ASSISTANCE LIMITED TO ECONOMIC PROGRAMS.**

10 (a) IN GENERAL.—Assistance provided under title I
11 of this Act may not be used for military or paramilitary
12 purposes.

13 (b) EXCEPTION FOR CERTAIN PROGRAMS.—The pro-
14 visions of subsection (a) of this section shall not apply to
15 economic assistance involving the participation of military
16 personnel in training activities, conferences, and other sus-
17 tainable development programs consistent with the pur-
18 poses of section 1102.

19 **SEC. 7210. IMPACT OF SUSTAINABLE DEVELOPMENT AS-**
20 **SISTANCE ON ENVIRONMENT AND NATURAL**
21 **RESOURCES.**

22 (a) STATEMENT OF POLICY.—It is the sense of the
23 Congress that—

24 (1) the economic and social well-being and the
25 security of the United States and other countries are

1 affected by how the world's environment and phys-
2 ical resource base are managed, and that consump-
3 tion patterns, systems of industrial and agricultural
4 production, and the manner of use of natural re-
5 sources all have an impact on the opportunities for
6 long-term development and growth and survival for
7 all countries;

8 (2) environmentally responsible management of
9 physical resources is necessary by both developed
10 and developing countries to insure their availability
11 for future generations and to assure that the bur-
12 dens of improved resource management do not fall
13 disproportionately on the poor;

14 (3) sustainable development is development that
15 meets the needs of the present without compromis-
16 ing the ability of future generations to meet their
17 own needs; and

18 (4) sustainable development programs author-
19 ized by this Act should assist countries to adopt poli-
20 cies and to carry out programs that promote eco-
21 nomic growth that is environmentally sound.

22 (b) IMPACT ASSESSMENT.—The President, in imple-
23 menting sustainable development programs under this
24 Act, should take fully into account the impact of such pro-
25 grams and projects upon the environment and natural re-

1 sources of developing countries. Subject to such proce-
2 dures as the President considers appropriate, the Presi-
3 dent should—

4 (1) prepare and take fully into account an ini-
5 tial environmental examination of every program or
6 project to determine whether it significantly affects
7 the environment;

8 (2) prepare and take fully into account an envi-
9 ronmental impact statement for any program or
10 project significantly affecting the environment of the
11 global commons outside the jurisdiction of any coun-
12 try, the environment of the United States, or other
13 aspects of the environment which the President may
14 specify; and

15 (3) prepare and take fully into account an envi-
16 ronmental assessment of any proposed program or
17 project significantly affecting the environment of any
18 foreign country.

19 Where appropriate, local technical resources should be
20 used in preparing environmental impact statements and
21 environmental assessments pursuant to this section.

22 (c) EXCEPTIONS.—The President should establish ex-
23 ceptions for emergency conditions and for cases in which
24 implementation of procedures described in subsection (b)

1 would be seriously detrimental to the foreign policy inter-
2 ests of the United States.

3 **CHAPTER 3—REPORTS AND NOTIFICATIONS TO**
4 **CONGRESS**

5 **SEC. 7301. CONGRESSIONAL PRESENTATION DOCUMENTS.**

6 (a) REQUIREMENT FOR SUBMISSION.—The President
7 shall prepare, and submit to the Congress in a timely man-
8 ner, annual congressional documents for the programs au-
9 thorized under titles I, II, and III of this Act.

10 (b) MATERIALS TO BE INCLUDED.—The documents
11 submitted pursuant to subsection (a) shall include—

12 (1) the rationale for the allocation of assistance
13 or contributions to each country, regional, or cen-
14 trally funded program, or activities under section
15 3102;

16 (2) a description of how each program or activ-
17 ity under section 3102 supports the objectives of the
18 title for which such program is being justified in-
19 cluding, for programs administered by the United
20 States Agency for International Development, to the
21 extent determined at the time of submission of these
22 documents, the strategic objectives for such pro-
23 grams; and

1 (3) a description of planned country, regional,
2 or centrally funded programs or activities under sec-
3 tion 3102 for the coming fiscal year.

4 **SEC. 7302. HUMAN RIGHTS POLICY AND REPORTS.**

5 (a) PROMOTION OF HUMAN RIGHTS.—It is the sense
6 of the Congress that the United States should, in accord-
7 ance with its international obligations as set forth in the
8 Charter of the United Nations and in keeping with the
9 constitutional heritage and traditions of the United States,
10 promote and encourage increased respect for human rights
11 and fundamental freedoms throughout the world without
12 distinction as to race, sex, language, or religion.

13 (b) CONDUCT OF ASSISTANCE.—In furtherance of
14 subsection (a), the President should formulate and con-
15 duct United States assistance in a manner which will—

- 16 (1) promote and advance human rights;
- 17 (2) strengthen a relationship between civilian
18 and military sectors appropriate to a democratic sys-
19 tem of government; and
- 20 (3) avoid identification of the United States,
21 through these programs, with governments which
22 deny to their people internationally recognized
23 human rights and fundamental freedoms in violation
24 of international law or in contravention of the policy

1 of the United States as expressed in this section or
2 otherwise.

3 (c) MATTERS TO BE CONSIDERED.—In carrying out
4 subsection (b) and in preparing the annual reports re-
5 quired by subsection (d), consideration should be given to
6 the following:

7 (1) The relevant findings of appropriate inter-
8 national organizations and nongovernmental organi-
9 zations.

10 (2) The extent of cooperation by the govern-
11 ment in question in permitting an unimpeded inves-
12 tigation by indigenous nongovernmental organiza-
13 tions, other nongovernmental organizations, and
14 international organizations (such as the Inter-
15 national Committee of the Red Cross), of alleged
16 violations of internationally recognized human
17 rights.

18 (d) ANNUAL HUMAN RIGHTS REPORT.—In further-
19 ance of subsections (a) and (b), the President shall trans-
20 mit to the Congress, not later than January 31 each year,
21 a full and complete report with respect to practices regard-
22 ing the status of internationally recognized human rights,
23 regarding whether the country engages in a consistent pat-
24 tern of gross violations of internationally recognized
25 human rights within the meaning of section 8551(a)(5).

1 The report shall be submitted with respect to every foreign
2 country that is a member of the United Nations. Wherever
3 appropriate, such reports shall include information on
4 practices regarding coercion in population control, includ-
5 ing coerced abortion and involuntary sterilization. The re-
6 port shall also include the steps taken to alter United
7 States programs under this Act in any country because
8 of human rights considerations.

9 (e) INFORMATION TO BE PROVIDED.—Each annual
10 report under subsection (d), shall include—

11 (1) information about observance of and respect
12 for human rights and fundamental freedom in the
13 country in question, and

14 (2) a detailed description of practices by the re-
15 cipient government with respect to human rights and
16 fundamental freedom, including where appropriate
17 information provided by organizations, including
18 nongovernmental organizations.

19 **SEC. 7303. INTERNATIONAL NARCOTICS CONTROL REPORT.**

20 Not later than March 1 of each year, the President
21 shall transmit to the Speaker of the House of Representa-
22 tives, and to the Committee on Foreign Relations of the
23 Senate, a comprehensive report on the state of inter-
24 national narcotics production and trafficking, and on
25 United States efforts to prevent the illicit cultivation and

1 manufacture of and trafficking in narcotics and psycho-
2 tropic drugs and other controlled substances.

3 **SEC. 7304. ANNUAL ALLOCATION REPORT.**

4 (a) REPORT ON ALLOCATIONS OF ASSISTANCE.—Not
5 later than 30 days after the enactment of any law appro-
6 priating funds to carry out any provision of this Act, the
7 President shall notify the Congress of—

8 (1) each foreign country and international orga-
9 nization to which the United States Government in-
10 tends to provide any portion of the funds under such
11 law; and

12 (2) the amount of funds under that law, by cat-
13 egory of assistance, that the United States Govern-
14 ment intends to provide to each such country or or-
15 ganization.

16 (b) EXCEPTIONS.—Subsection (a) does not apply
17 with respect to—

18 (1) funds appropriated under section 8509 or
19 section 8510 (relating to operating expenses of the
20 United States Agency for International Development
21 and the Inspector General of that agency, respec-
22 tively); or

23 (2) any law making continuing appropriations.

1 (c) USE OF SPECIAL AUTHORITY.—The authority of
2 section 7201 of this Act may not be used to waive the
3 provisions of this section.

4 **SEC. 7305. NOTIFICATION OF PROGRAM CHANGES.**

5 (a) NOTIFICATION OF PROGRAM CHANGES.—Unless
6 the Committee on Foreign Affairs and the Committee on
7 Appropriations of the House of Representatives and the
8 Committee on Foreign Relations and the Committee on
9 Appropriations of the Senate are notified at least fifteen
10 days in advance, funds appropriated for a fiscal year to
11 carry out this Act may not be obligated for any assistance
12 or contributions under any title of this Act—

13 (1) for programs administered by the United
14 States Agency for International Development under
15 title I—

16 (A) for a country, regional, or centrally
17 funded program for which assistance under that
18 title was not justified in congressional presen-
19 tation documents for that fiscal year;

20 (B) for a country, regional, or centrally
21 funded program in excess of the amount justi-
22 fied under that title in congressional presen-
23 tation documents or allocated pursuant to sec-
24 tion 7304 for that fiscal year;

1 (C) for a project or activity not previously
2 justified to such Committees or, in the case of
3 programs that are administered through strate-
4 gic objectives, for a new strategic objective for
5 a country, regional or centrally funded pro-
6 gram; or

7 (D) for a nonproject assistance activity, in-
8 cluding commodity import program assistance;

9 (2) for assistance administered through the De-
10 partment of Defense under this Act—

11 (A) for a country, international organiza-
12 tion or arrangement, for which assistance under
13 that title was not justified in congressional
14 presentation documents for that fiscal year;

15 (B) in excess of the amount allocated pur-
16 suant to section 7304 for that country, organi-
17 zation or arrangement, under that title for that
18 fiscal year; or

19 (C) for the provision of major defense
20 equipment, other than conventional ammuni-
21 tion, or other major defense items defined to be
22 aircraft, ships, missiles, or combat vehicles not
23 previously justified to Congress or twenty per-
24 cent in excess of the quantities justified to Con-
25 gress; and

1 (3) for other programs under this Act—

2 (A) for a country, international organiza-
3 tion or arrangement, or operation for which as-
4 sistance or contribution under that title was not
5 justified in congressional presentation docu-
6 ments for that fiscal year;

7 (B) in excess of the amount allocated pur-
8 suant to section 7304 for that country or orga-
9 nization or arrangement under that title for
10 that fiscal year; or

11 (C) for a project, activity, or operation not
12 previously justified, or in excess of the amount
13 previously justified, to such Committees.

14 (b) APPROPRIATIONS SUBJECT TO REQUIRE-
15 MENTS.—Subsection (a) applies with respect to all funds
16 appropriated for assistance and contributions under this
17 Act other than—

18 (1) chapters 1 and 2 of title V (relating to the
19 Overseas Private Investment Corporation and the
20 Trade and Development Agency, respectively),

21 (2) section 1104 (relating to the micro and
22 small enterprise development, housing and urban,
23 and other guaranty programs), or

1 (3) programs for refugee assistance and for dis-
2 aster relief and rehabilitation, including assistance
3 programs under title IV of this Act.

4 (c) EMERGENCY EXCEPTIONS.—

5 (1) WAIVER.—Subsection (a), or any similar re-
6 quirement to provide advance notification to the
7 Congress or Congressional committees, may be
8 waived if the President determines that doing so is
9 necessitated by emergency circumstances.

10 (2) EXERCISE OF AUTHORITY.—In the case of
11 any waiver under paragraph (1) notification to the
12 Congress or the appropriate Congressional commit-
13 tees shall be provided as early as practicable, but in
14 no event later than three days after taking the ac-
15 tion to which such notification requirement was ap-
16 plicable. Any notification under this paragraph shall
17 contain an explanation of the circumstances neces-
18 sitating the use of the authority of this subsection.

19 **SEC. 7306. EVALUATION AND MONITORING OF PROGRAM**
20 **PERFORMANCE.**

21 (a) NEED FOR EVALUATION.—In order to effectively
22 and responsibly manage the resources made available for
23 sustainable development purposes, the President must
24 have a capacity to evaluate objectively the extent of

1 progress in achieving development results and to derive
2 lessons from that development experience.

3 (b) ACTIONS TO BE TAKEN.—In furtherance of sub-
4 section (a), the President shall establish a program per-
5 formance, monitoring, and evaluation capacity within the
6 United States Agency for International Development that
7 will do the following:

8 (1) Enhance, through training and other
9 means, the use of program performance, monitoring,
10 and evaluation as a management tool, by both the
11 agency and its counterparts in countries receiving
12 assistance, in the planning, designing, and imple-
13 mentation of foreign assistance projects and pro-
14 grams.

15 (2) Develop a program performance information
16 system to afford agency managers at all levels, and
17 counterparts in countries receiving assistance, a
18 means for monitoring and assessing achievement of
19 impact and interim performance of the agency's
20 major programs in support of the strategic manage-
21 ment of economic assistance.

22 (3) Prepare and disseminate objective and peri-
23 odic reports on the progress of the agency in meet-
24 ing development objectives and on lessons learned
25 from its development programs and assure the

1 widest possible distribution of findings, particularly
2 to beneficiaries of projects and programs.

3 (4) Establish a system which ensures the incor-
4 poration of evaluation findings in decisions of the
5 agency about program direction and resource alloca-
6 tion.

7 (c) The President shall prepare an annual report to
8 the Congress to include the following:

9 (1) An assessment of progress toward the
10 achievement of sustainable development objectives,
11 based on the findings of program performance mon-
12 itoring and evaluation studies conducted by the
13 United States Agency for International Development
14 and on such other empirical analyses as may be ap-
15 propriate.

16 (2) An analysis, on a country-by-country basis,
17 of the results of sustainable development in each
18 country receiving assistance under title I from such
19 Agency, including a discussion of the United States
20 interests and objectives that were served by such as-
21 sistance.

1 **TITLE VIII—GENERAL PROVISIONS**

2 **CHAPTER 1—EXERCISE AND COORDINATION OF**
3 **FUNCTIONS**

4 **SEC. 8101. DELEGATIONS BY THE PRESIDENT.**

5 (a) IN GENERAL.—The President may exercise any
6 functions conferred upon the President by this Act
7 through such agency or officer of the United States Gov-
8 ernment as the President shall direct.

9 (b) AUTHORITY TO ISSUE REGULATIONS AND DELE-
10 GATE.—The head of any agency or such officer exercising
11 functions under this Act—

12 (1) may from time to time promulgate such
13 rules and regulations as may be necessary to carry
14 out such functions; and

15 (2) may delegate authority, including to any
16 other agency upon obtaining the concurrence of the
17 head of that agency, to perform any such functions,
18 including, if he or she shall so specify, the authority
19 successively to redelegate any of such functions.

20 **SEC. 8102. ROLE OF THE SECRETARY OF STATE.**

21 (a) CONTINUOUS SUPERVISION.—Under the direction
22 of the President, the Secretary of State shall be respon-
23 sible for the continuous supervision and general direction
24 of assistance under this Act, including determining wheth-
25 er such assistance shall involve the provision of defense

1 articles and defense services, to the end that all such as-
2 sistance is effectively integrated both at home and abroad
3 and the foreign policy of the United States is best served
4 thereby.

5 (b) POWERS AND FUNCTIONS.—Nothing in this Act
6 shall be construed to infringe upon the powers and func-
7 tions of the Secretary of State.

8 **SEC. 8103. THE SECRETARY OF DEFENSE.**

9 (a) With respect to assistance under this Act admin-
10 istered through the Department of Defense, the Secretary
11 of Defense shall have primary responsibility for—

12 (1) the determination of military end-item re-
13 quirements;

14 (2) the procurement of military equipment in a
15 manner which permits its integration with service
16 programs;

17 (3) the monitoring of end-item use by the recip-
18 ient countries;

19 (4) the supervision of the training of foreign
20 military and related civilian personnel;

21 (5) the movement and delivery of military end-
22 items; and

23 (6) within the Department of Defense the per-
24 formance of any other functions with respect to the

1 furnishing of assistance administered through the
2 Department of Defense under this Act.

3 (b) The establishment of priorities in the procure-
4 ment, delivery, and the allocation of military equipment
5 shall be determined by the Secretary of Defense.

6 **SEC. 8104. UNITED STATES AGENCY FOR INTERNATIONAL**
7 **DEVELOPMENT.**

8 The United States Agency for International Develop-
9 ment shall be an agency of the United States under the
10 foreign policy guidance and subject to the supervision and
11 direction of the Secretary of State.

12 **SEC. 8105. THE DIRECTOR OF THE ARMS CONTROL AND**
13 **DISARMAMENT AGENCY.**

14 Decisions to furnish assistance administered through
15 the Department of Defense under subchapter A, chapter
16 1, title II, and chapter 3, title III shall be made in coordi-
17 nation with the Director of the United States Arms Con-
18 trol and Disarmament Agency and shall take into account
19 the Director's opinion as to whether such assistance will—

20 (1) contribute to an arms race;

21 (2) increase the possibility of outbreak or esca-
22 lation of conflict; or

23 (3) prejudice the development of bilateral or
24 multilateral arms control arrangements.

1 **SEC. 8106. AUTHORITY TO ESTABLISH OFFICES ABROAD.**

2 The President may maintain offices or staffs outside
3 the United States in such countries and for such period
4 of time as may be necessary to carry out this Act.

5 **SEC. 8107. PRESIDENTIAL FINDINGS AND DETERMINA-**
6 **TIONS.**

7 (a) FINDINGS AND DETERMINATIONS TO BE WRIT-
8 TEN AND SIGNED.—In any case in which the President
9 is required to make a report by any provision of this Act,
10 the Arms Export Control Act, or any annual or periodic
11 foreign assistance authorizing or appropriations legisla-
12 tion, to the Congress or to any committee or officer of
13 either House of Congress concerning any finding or deter-
14 mination, that finding or determination shall be reduced
15 to writing and signed by the President.

16 (b) RESTRICTION.—No action shall be taken pursu-
17 ant to any such finding or determination prior to the date
18 on which that finding or determination is reduced to writ-
19 ing and signed by the President.

20 (c) PUBLICATION IN FEDERAL REGISTER.—Each
21 such finding or determination shall be published in the
22 Federal Register as soon as practicable after it has been
23 reduced to writing and signed by the President. In any
24 case in which the President concludes that such publica-
25 tion would be harmful to the national security of the Unit-
26 ed States, only a statement that a determination or find-

1 ing has been made by the President, including the name
2 and section of the Act under which it was made, shall be
3 published.

4 **CHAPTER 2—ADMINISTRATIVE AUTHORITIES**

5 **Subchapter A—General Authorities**

6 **SEC. 8201. ALLOCATION OF FUNDS AND REIMBURSEMENT**
7 **AMONG AGENCIES.**

8 (a) ALLOCATIONS OR TRANSFERS TO AGENCIES.—
9 The President, or with respect to funds appropriated to
10 any agency, the head of such agency, as the case may be,
11 may allocate or transfer to any agency of the United
12 States Government any funds available for providing as-
13 sistance under this or any other Act, including any ad-
14 vance to the United States Government by any country
15 or international organization for the procurement of arti-
16 cles or services. Such funds shall be available for obliga-
17 tion and expenditure for the purposes for which author-
18 ized, in accordance with the authority pursuant to which
19 they were made available or the authority governing the
20 activities of the agency to which such funds are allocated
21 or transferred.

22 (b) PROCUREMENT FROM OTHER AGENCIES.—

23 (1) AUTHORITY.—Any officer of the United
24 States Government carrying out functions under this
25 Act may utilize the services and the facilities of, or

1 procure articles from, any agency of the United
2 States Government as the President shall direct, or
3 with the consent of the head of such agency.

4 (2) SEPARATE ACCOUNT.—Funds allocated pur-
5 suant to this subsection to any such agency may be
6 established in separate appropriation accounts on
7 the books of the Treasury.

8 (c) REIMBURSEMENT TO AGENCIES.—

9 (1) GENERAL.—In the case of any article, serv-
10 ice, or facility procured from any agency of the
11 United States Government to carry out any provi-
12 sion of this Act (except with respect to assistance
13 under sections 3103, 3204 and 7111, 7115(b)), re-
14 imbursement or payment shall be made to such
15 agency from funds available to carry out that provi-
16 sion.

17 (2) AMOUNT OF REIMBURSEMENT.—Such reim-
18 bursement or payment shall be at—

19 (A) replacement cost,

20 (B) if required by law, actual cost,

21 (C) in the case of defense articles procured
22 from the Department of Defense, value as de-
23 fined in section 8551(20), or, if required by
24 law, actual costs,

1 (D) in the case of services procured from
2 the Department of Defense, the amount of the
3 additional costs incurred by the Department of
4 Defense in providing such services, or, if re-
5 quired by law, actual costs, or

6 (E) at any other cost agreed to by the
7 owning or disposing agency.

8 (3) CREDITING OF REIMBURSEMENT.—The
9 amount of any such reimbursement or payment shall
10 either be credited to current applicable appropria-
11 tions, funds, or accounts of such agency, to be avail-
12 able for the same purposes and for the same time
13 period as the appropriation, fund or account to
14 which transferred, or any such credited funds shall
15 remain available for such purposes until expended.

16 (4) LIMITATION ON DEPARTMENT OF DEFENSE
17 DRAWDOWNS.—During any fiscal year, the aggre-
18 gate value of articles and services of which the
19 President may direct the drawdown from the inven-
20 tory and resources of the Department of Defense
21 may not exceed—

22 (A) \$50,000,000 under section 3103,

23 (B) \$15,000,000 under section 3204,

24 (C) \$75,000,000 under section 7111(b),

25 and

1 (D) \$5,000,000 under section 7115(b).

2 (d) REIMBURSEMENT TO THE DEPARTMENT OF DE-
3 FENSE.—Reimbursement or payment to the Department
4 of Defense under subsection (c) shall exclude salaries of
5 members of the Armed Forces (other than the Coast
6 Guard) and unfunded estimated costs of civilian retire-
7 ment and other benefits, unless otherwise required by law.

8 (e) ESTABLISHMENT OF ACCOUNTS.—

9 (1) AUTHORITY TO ESTABLISH; USES.—In fur-
10 nishing assistance under this or any other Act, ac-
11 counts may be established on the books of any agen-
12 cy of the United States Government or, on terms
13 and conditions approved by the Secretary of the
14 Treasury, in banking institutions in the United
15 States—

16 (A) against which letters of commitment
17 may be issued which shall constitute recordable
18 obligations of the United States Government,
19 and moneys due or to become due under such
20 letters of commitment shall be assignable under
21 the last sentence of section 3727(b) and section
22 3727(c) of title 31, United States Code, and the
23 second and third paragraphs of section 3737 of
24 the Revised Statutes of the United States (41
25 U.S.C. 15); and

1 (B) from which disbursements may be
2 made to, or withdrawals may be made by, recip-
3 ient countries or agencies, organizations, or per-
4 sons upon presentation of contracts, invoices, or
5 other appropriate documentation.

6 (2) ACCOUNTING FOR EXPENDITURES.—Ex-
7 penditure of funds which have been made available
8 through accounts established under paragraph (1)
9 shall be accounted for on standard documentation
10 required for expenditure of funds of the United
11 States Government.

12 (f) CHARGING TO APPROPRIATIONS.—

13 (1) INITIAL CHARGING.—Any appropriation or
14 account available to carry out provisions of this Act
15 may initially be charged in any fiscal year, within
16 the limit of available funds, to finance expenses for
17 which funds are available in other appropriations or
18 accounts under that title.

19 (2) FINAL CHARGING.—As of the end of such
20 fiscal year, such expenses shall be finally charged to
21 applicable appropriations or accounts with proper
22 credit to the appropriations or accounts initially uti-
23 lized for financing purposes, except that such final
24 charges shall not be required in the case of expenses
25 (other than those provided under sections 8509 and

1 8510) incurred in furnishing assistance where it is
2 determined that the accounting costs of identifying
3 the applicable appropriation or account to which
4 such expenses should be charged would be disproportion-
5 ate to the advantage to be gained.

6 (3) APPLICATION TO PROGRAMS ADMINISTERED
7 THROUGH DOD.—This subsection shall not apply to
8 assistance administered through the Department of
9 Defense under this Act.

10 (g) RESPONSIBILITY OF AGENCIES.—The agency re-
11 ceiving the funds pursuant to the authority of subsections
12 (a) or (b) shall be the agency responsible for the manage-
13 ment and use of such funds.

14 **SEC. 8202. GENERAL AUTHORITIES.**

15 (a) TERMS OF ASSISTANCE.—Except as otherwise
16 specifically prohibited in this Act, assistance under this
17 Act may be furnished on a grant, loan, or guaranty basis,
18 or on such terms, including cash, credit, or other terms
19 or repayment (including repayment in foreign currencies
20 or by transfer to the United States Government of arti-
21 cles), or as a contribution to an international organization
22 or arrangement, as may be determined to be best suited
23 to the achievement of the purposes of this Act.

24 (b) TERMS AND CONDITIONS.—The President may
25 furnish assistance under this Act on such terms and condi-

1 tions (consistent with other provisions of law) as the Presi-
2 dent deems appropriate, and, consistent with the provi-
3 sions of this Act, may charge such fees for guarantees and
4 loans under this Act as the President deems appropriate.
5 Credit assistance shall be consistent with the provisions
6 of the Federal Credit Reform Act of 1990. In the case
7 of contributions or other assistance provided for an inter-
8 national organization or arrangement under this or any
9 other Act, such organization or arrangement may utilize
10 its own procurement, administrative, accounting, and
11 audit rules and procedures.

12 (c) ADVANCES CONTRACTS, ETC.—In furtherance of
13 the purposes and subject to the limitations of this Act,
14 the President in providing assistance under this or any
15 other Act may make loans (in conformity with the provi-
16 sions of the Federal Credit Reform Act of 1990), ad-
17 vances, and grants to, make and perform agreements and
18 contracts with, or enter into other transactions with, any
19 person, corporation, or other body of persons, any govern-
20 ment or government agency, and any international organi-
21 zation or arrangement.

22 (d) GIFTS.—The President may accept and use in
23 furtherance of the purposes of this Act, money, funds,
24 property, and services of any kind made available by gift,
25 devise, bequest, grant, or otherwise for such purpose.

1 (e) INSURANCE.—

2 (1) FOREIGN PARTICIPANTS.—Any agency of
3 the United States Government is authorized to pay
4 the cost of health and accident insurance for foreign
5 participants in any program of furnishing assistance
6 administered by such agency while such participants
7 are absent from their homes for the purpose of par-
8 ticipation in such program.

9 (2) FOREIGN EMPLOYEES.—Any agency of the
10 United States Government is authorized to pay the
11 cost of health and accident insurance for foreign em-
12 ployees of that agency while those employees are ab-
13 sent from their places of employment abroad for
14 purposes of training or other official duties.

15 (f) ADMISSION TO UNITED STATES.—Alien partici-
16 pants in any program of furnishing assistance under this
17 Act may be admitted to the United States if otherwise
18 qualified as nonimmigrants under section 101(a)(15) of
19 the Immigration and Nationality Act (8 U.S.C.
20 1101(A)(15)), for such time and under such conditions as
21 may be prescribed by regulations promulgated by the Sec-
22 retary of State and the Attorney General.

23 (g) ASSISTANCE AUTHORITIES.—In furnishing and
24 administering assistance under this Act, the President—

1 (1) may issue letters of credit and letters of
2 commitment;

3 (2) may collect, compromise, reschedule or oth-
4 erwise settle any obligations assigned to, or held by,
5 and any legal or equitable rights accruing to, the
6 President and may (as the President deems appro-
7 priate) refer any such obligations or rights to the
8 Attorney General for suit or collection;

9 (3) may—

10 (A) acquire and dispose of (upon such
11 terms and conditions as the President deems
12 appropriate) any property, including any instru-
13 ment evidencing indebtedness or ownership, and

14 (B) guarantee payment against any such
15 instrument;

16 (4) may establish the character of, and decide
17 the necessity for, obligations and expenditures of
18 funds used in furnishing and administering such as-
19 sistance and the manner in which such obligations
20 and expenditures shall be incurred, allowed, and
21 paid, subject to provisions of law specifically applica-
22 ble to corporations of the United States Govern-
23 ment;

24 (5) shall cause to be maintained an integral set
25 of accounts which shall be audited by the General

1 Accounting Office in accordance with principles and
2 procedures applicable to commercial corporate trans-
3 actions as provided by chapter 91 of title 31, United
4 States Code; and

5 (6) may transfer such of the funds appropriated
6 or otherwise made available under titles II and III
7 of this Act as the President may determine for as-
8 sistance to a recipient country to the account in
9 which funds for the procurement of defense articles
10 and defense services under section 21 and section 22
11 of the Arms Export Control Act have been deposited
12 for such recipient, to be merged with such deposited
13 funds, and to be used solely to meet obligations of
14 the recipient for payment for sales under that Act.
15 Sales which are wholly paid from funds made avail-
16 able on a nonrepayable basis and transferred under
17 his paragraph, from funds made available under the
18 former authority of section 503(a)(3) of the Foreign
19 Assistance Act of 1961, or from funds made avail-
20 able on a non-repayable basis under the former au-
21 thority of section 23 of the Arms Export Control Act
22 shall be priced to exclude the costs of salaries of
23 members of the Armed Forces of the United States
24 (other than the Coast Guard).

1 (h) GUARANTEES.—Guarantees issued to carry out
2 the purposes of this Act shall be subject to the following:

3 (1) FULL FAITH AND CREDIT.—The full faith
4 and credit of the United States may be pledged for
5 the full payment and performance of guarantees is-
6 sued under this Act or predecessor legislation.

7 (2) CHARGES.—The President may charge ap-
8 propriate fees and/or interest in connection with the
9 activities carried out under such authority.

10 (3) RELATIONSHIP TO OTHER PROVISIONS OF
11 LAW.—Guarantees may be provided under this Act
12 without regard to section 8402 of this Act.

13 (4) DENOMINATION OF LIABILITY.—The losses
14 guaranteed may be in dollars or in other currencies.
15 In the case of losses guaranteed in currencies other
16 than dollars, the guarantees issued shall be subject
17 to an overall payment limitation expressed in dollars.

18 (i) SUBSIDY COST OF GUARANTEES AND LOANS.—
19 The President may use funds made available under this
20 Act to pay the cost (as defined in section 13201 of the
21 Budget Enforcement Act of 1990) of direct loans and loan
22 guarantees made or entered into (and associated adminis-
23 trative costs) in furtherance of the purposes of this Act.
24 Funds appropriated to pay the cost (as defined in section
25 13201 of the Budget Enforcement Act of 1990) of direct

1 loans and loan guarantees made or entered into to carry
2 out the provisions of this Act shall be provided in conform-
3 ity with section 504(b)(1) of the Federal Credit Reform
4 Act of 1990.

5 (j) CLAIMS RELATING TO GUARANTEES.—Claims
6 arising as a result of any guarantee program authorized
7 by this Act may be settled, and disputes arising as the
8 result thereof may be arbitrated with the consent of the
9 parties, on such terms and conditions as the President
10 may direct. Payment made pursuant to any such settle-
11 ment, or as a result of an arbitration award, shall be final
12 and conclusive notwithstanding any other provision of law.

13 (k) FINANCIAL TRANSACTIONS WITH FOREIGN GOV-
14 ERNMENTS IN DEFAULT OF OBLIGATIONS TO THE
15 UNITED STATES.—Section 955 of title 18, United States
16 Code, shall not apply to any person—

17 (1) who acts for or participates in any oper-
18 ation or transaction arising under this Act, or

19 (2) who acquires any obligation issued in con-
20 nection with any operation or transaction arising
21 under this Act.

22 (l) EDUCATIONAL INSTITUTIONS.—Any cost-type
23 contract or agreement (including grants) entered into with
24 an institution of higher education for the purpose of carry-
25 ing out programs authorized by this Act may provide for

1 the payment of the reimbursable indirect costs of that in-
2 stitution on the basis of predetermined fixed-percentage
3 rates applied to the total or an element thereof, of the
4 reimbursable direct costs incurred.

5 (m) TRAINING WORKING CAPITAL FUND.—The head
6 of any agency administering assistance under this Act is
7 authorized to establish, with funds made available for as-
8 sistance under this Act (or predecessor legislation) admin-
9 istered by such agency, a working capital fund, which shall
10 be available without fiscal year limitation, for expenses
11 and equipment necessary to the maintenance and oper-
12 ation of a program of providing short-term and long-term
13 training and training-related services of foreign nationals
14 in the United States or third countries, including such ex-
15 penses as (1) tuition and fees, (2) room, board, and main-
16 tenance allowances, and (3) contracts and the cost of ad-
17 ministering contracts entered into in furtherance of the
18 program.

19 (n) MULTIYEAR COMMITMENTS.—A contract or
20 agreement which entails commitments for the expenditure
21 of funds under this Act may, subject to any future action
22 of the Congress, extend at any time for not more than
23 5 years.

1 **SEC. 8203. AUTHORIZED ADMINISTRATIVE USES OF FUNDS.**

2 (a) PERSONNEL, PRINTING, PROCUREMENT OF SUP-
3 PLIES, AND OTHER ADMINISTRATIVE EXPENSES.—Funds
4 made available to carry out this Act may be used for the
5 following:

6 (1) Compensation, allowances, and travel of
7 personnel, including Foreign Service personnel,
8 whose services are utilized primarily for the purposes
9 of this Act, and for other administrative and operat-
10 ing expense purposes (other than compensation of
11 personnel) without regard to such laws and regula-
12 tions governing the obligation and expenditure of
13 funds of the United States Government as may be
14 necessary to accomplish the purposes of this Act.

15 (2) Printing and binding without regard to the
16 provisions of any other law.

17 (3) Expenditures outside the United States for
18 the procurement of supplies and services and for
19 other administrative and operating purposes (other
20 than compensation of personnel) without regard to
21 the Claims Act, 31 U.S.C. 3721 and such laws and
22 regulations governing the obligation and expenditure
23 of funds of the United States Government (other
24 than sections 1341, 1342, and 1517 of title 31,
25 United States Code) as may be necessary to accom-
26 plish the purposes of this Act.

1 (b) USES OF ASSISTANCE FUNDS.—

2 (1) AUTHORIZED USES.—Funds described in
3 paragraph (2) shall be available for the following:

4 (A) Expenses of attendance at meetings
5 concerned with the purposes of this Act, includ-
6 ing (notwithstanding section 1346(a) and
7 1346(c) of title 31, United States Code), ex-
8 penses in connection with meetings of persons
9 whose employment is authorized by section
10 8503.

11 (B) Contracting with individuals for per-
12 sonal services. Such individuals shall not be re-
13 garded as employees of the United States Gov-
14 ernment for the purpose of any law adminis-
15 tered by the Office of Personnel Management,
16 except that the head of the contracting agency
17 may determine the applicability to such individ-
18 uals of any other law administered by such
19 agency concerning the employment of such indi-
20 viduals.

21 (C) Purchase, maintenance, operation, and
22 hire of aircraft, except that aircraft for admin-
23 istrative purposes may be purchased only as
24 specifically provided for in an appropriation or
25 other Act.

1 (D)(i) Purchase and hire of passenger
2 motor vehicles, subject to clause (ii).

3 (ii) Passenger motor vehicles other than
4 one for the official use of the Administrator of
5 the United States Agency for International De-
6 velopment may be purchased for use in the
7 United States only as may be specifically pro-
8 vided in an appropriation or other Act.

9 (E) Entertainment and representation.

10 (F) Awards.

11 (G) Exchange of funds without regard to
12 loss by exchange.

13 (H) Expenditures (not to exceed \$50,000
14 in any fiscal year except as may otherwise be
15 provided in an appropriation or other Act) of a
16 confidential character other than entertainment.
17 A certificate of the amount of such expenditure,
18 the nature of which it is considered inadvisable
19 to specify, shall be made by the President, and
20 every such certificate shall be deemed a suffi-
21 cient voucher for the amount therein specified.

22 (I) Insurance of official motor vehicles or
23 aircraft acquired for use in foreign countries.

24 (J) Expenses of—

1 (i) preparing and transporting to their
2 former homes (or with respect to foreign
3 participants engaged in any program under
4 this Act to their former homes or places of
5 burial), and

6 (ii) caring for and disposing of the re-
7 mains of an individual, or the remains of
8 a member of an individual's family, who
9 may die while such individual is away from
10 home participating in activities carried out
11 with funds described in paragraph (2).

12 (K) Purchase of uniforms.

13 (L) Payment of per diem in lieu of subsist-
14 ence to foreign participants engaged in any pro-
15 gram under this Act while such participants are
16 away from their homes in countries other than
17 the United States, at rates not in excess of
18 those prescribed by the standardized Govern-
19 ment travel regulations, notwithstanding any
20 other provision of law.

21 (M) Use in accordance with authorities of
22 the Foreign Service Act of 1980 (22 U.S.C.
23 3901 et seq.) not otherwise provided for.

24 (N) Ice and drinking water for use outside
25 the United States.

1 (O) Services of commissioned officers of
2 the National Oceanic and Atmospheric Admin-
3 istration. For the purposes of providing such
4 services, the National Oceanic and Atmospheric
5 Administration may appoint not to exceed 20
6 commissioned officers in addition to those oth-
7 erwise authorized.

8 (P) Expenses in connection with—

9 (i) travel of personnel outside the
10 United States, including travel expenses of
11 dependents (including expenses during nec-
12 essary stopovers while engaged in such
13 travel), and the transportation of personal
14 effects, household goods, and automobiles
15 of such personnel when any part of such
16 travel or transportation begins in one fiscal
17 year pursuant to travel orders issued in
18 that fiscal year, notwithstanding the fact
19 that such travel or transportation may not
20 be completed during the same fiscal year;
21 and

22 (ii) the costs of transporting auto-
23 mobiles to and from a place of storage,
24 and the costs of storing automobiles of
25 such personnel, when it is in the public in-

1 terest or more economical to authorize
2 storage.

3 (Q) Assistance for the implementation of
4 programs under the Agricultural Trade Devel-
5 opment and Assistance Act of 1954, the Agri-
6 cultural Act of 1949, and the Food for Progress
7 Act of 1985.

8 (R) Other expenses determined by the
9 President to be necessary to carry out the pur-
10 poses of this Act.

11 (2) FUNDS WHICH MAY BE USED.—Paragraph
12 (1) applies to—

13 (A) appropriations to carry out this Act,

14 (B) allocations or transfers to or from any
15 agency of the United States Government, from
16 other appropriations, for functions directly re-
17 lated to the purposes of this Act, and

18 (C) funds made available for other pur-
19 poses to the United States Agency for Inter-
20 national Development.

21 (c) FACILITIES.—

22 (1) LIVING QUARTERS, OFFICES, SCHOOLS, AND
23 HOSPITALS.—Notwithstanding any other provision
24 of law, funds available for assistance under this Act
25 may be used in any fiscal year (in addition to funds

1 available for such use under other authorities in this
2 Act)—

3 (A) to rent, lease, construct or otherwise
4 acquire essential living quarters, office space,
5 and necessary supporting facilities for use of
6 personnel carrying out activities authorized by
7 this Act, including to maintain, furnish, im-
8 prove, and make necessary repairs to such
9 property, which may also include the cost of
10 fuel, water, and utilities for such properties;

11 (B) to construct or otherwise acquire out-
12 side the United States schools (including dor-
13 mitories and boarding facilities) and hospitals
14 for use of personnel carrying out activities au-
15 thorized by this Act, United States Government
16 personnel, and their dependents; and

17 (C) to staff, operate, and maintain such
18 schools and hospitals.

19 (2) DISPOSAL.—Property acquired under this
20 subsection (or predecessor provisions of this Act)
21 may be disposed of, and the proceeds of such dis-
22 posal shall remain available until expended for use
23 for the purposes specified in paragraph (1).

24 (d) EDUCATION OF DEPENDENTS.—Funds available
25 for assistance under this Act may be used in any fiscal

1 year to provide assistance to schools established, or to be
2 established, outside the United States whenever it is deter-
3 mined that such action would be more economical or would
4 best serve the interests of the United States in providing
5 for the education of dependents of personnel carrying out
6 activities authorized by this Act and dependents of United
7 States Government personnel, in lieu of acquisition or con-
8 struction pursuant to subsection (c) of this section.

9 (e) TRAINING OF PERSONNEL.—

10 (1) PAYMENT OF COSTS.—Funds available
11 under this Act may be used to pay costs of training
12 United States citizen personnel employed or assigned
13 pursuant to section 8502(d), through interchange or
14 otherwise, at any State or local unit of government,
15 public or private nonprofit institution, trade, labor,
16 agricultural, or scientific association or organization,
17 or commercial firm.

18 (2) LIMITATION ON DUAL EMPLOYMENT.—Such
19 training shall not be considered employment or hold-
20 ing of office under section 5533 of title 5, United
21 States Code.

22 (3) ACCEPTANCE OF CERTAIN PAYMENTS.—Any
23 payments or contributions in connection with such
24 training may, as deemed appropriate by the head of
25 the agency of the United States Government author-

1 izing such training, be made by private or public
2 sources and be accepted by any trainee, or may be
3 accepted by and credited to the current applicable
4 appropriation of such agency. Any such payments or
5 contributions to any employee in the nature of com-
6 pensation shall be in lieu, or in reduction, of com-
7 pensation received from the United States Govern-
8 ment.

9 **Subchapter B—Department of Defense**

10 **Administrative Authorities**

11 **SEC. 8211. ADMINISTRATIVE EXPENSES.**

12 Funds allocated to the Department of Defense for the
13 purpose of providing assistance under this Act shall be
14 available for the following:

15 (1) Administrative, extraordinary (not to exceed
16 \$300,000 in any fiscal year), and operating expenses
17 incurred in furnishing assistance under this Act ad-
18 ministered through the Department of Defense, in-
19 cluding the purchase of passenger motor vehicles for
20 replacement only for use outside of the United
21 States.

22 (2) Reimbursement of actual expenses of mili-
23 tary officers detailed or assigned as tour directors in
24 connection with orientation visits of foreign military
25 and related civilian personnel, in accordance with the

1 provisions of section 5702 of title 5, United States
2 Code, applicable to civilian officers and employees.

3 (3) Maintenance, repair, alteration, and fur-
4 nishing of United States-owned facilities in the Dis-
5 trict of Columbia or elsewhere for the training of
6 foreign military and related civilian personnel with-
7 out regard to the provisions of section 3733 of the
8 Revised Statutes (41 U.S.C. 12) or other provision
9 of law requiring a specific authorization or specific
10 appropriation for such public contracts.

11 **SEC. 8212. END USE AND RETRANSFER ASSURANCES.**

12 (a) CONDITIONS.—Defense articles or defense serv-
13 ices may not be made available under this Act to a foreign
14 country, unless that country has agreed to the following
15 (in addition to such other provisions as the President may
16 require):

17 (1) The country will not, without the consent of
18 the President—

19 (A) transfer title to, or possession of, any
20 defense articles or defense services so furnished
21 to it to anyone not an officer, employee, or
22 agent of that country,

23 (B) use or permit the use of such articles
24 or services for purposes other than those for
25 which furnished.

1 (2) The country will maintain the security of
2 such articles or services, and will provide substan-
3 tially the same degree of security protection afforded
4 to such articles or services by the United States
5 Government.

6 (b) INELIGIBILITY.—

7 (1) TERMINATION OF ASSISTANCE FOR SUB-
8 STANTIAL VIOLATIONS.—Assistance administered by
9 the Department of Defense under this Act to any
10 country and deliveries of defense articles and defense
11 services provided with such assistance shall be termi-
12 nated, and new commitments to provide such assist-
13 ance to that country shall not be made, as herein-
14 after provided if such country uses defense articles
15 or defense services described in paragraph (2) in
16 substantial violation (either in terms of quantities or
17 in terms of the gravity of the consequences regard-
18 less of the quantities involved) of any agreement
19 pursuant to which those defense articles or defense
20 services were furnished—

21 (A) by using such articles or services for a
22 purpose not provided for in this Act or, if such
23 agreement provides that such articles or serv-
24 ices may only be used for purposes more lim-

1 ited, for a purpose not authorized under such
2 agreement;

3 (B) by transferring such articles or serv-
4 ices to, or permitting any use of such articles
5 or services by, anyone not an officer, employee,
6 or agent of the recipient country; or

7 (C) by failing to maintain the security of
8 such articles or services.

9 (2) DEFENSE ARTICLES AND DEFENSE SERV-
10 ICES SUBJECT TO REQUIREMENTS.—Paragraph (1)
11 applies with respect to any defense articles or de-
12 fense services furnished (through financing or other-
13 wise) under this Act, or furnished under any prede-
14 cessor foreign assistance legislation.

15 (c) EXCEPTION.—No prior consent shall be required
16 under this subchapter and section 3 of the Arms Export
17 Control Act for transfer by a foreign country of defense
18 articles sold by the United States under that Act under
19 the following circumstances:

20 (1) such articles constitute components incor-
21 porated into a foreign defense article;

22 (2) the recipient is the government of a NATO
23 country, or the government of Australia or Japan;

24 (3) the United States-origin components were
25 not significant military equipment, were not military

1 defense equipment for which notification to Congress
2 was required by section 36(b) of the Arms Export
3 Control Act, and are not identified by regulation as
4 Missile Technology Control Regime items; and

5 (4) the foreign country or persons transferring
6 the items provide notification to the United States
7 Government within thirty days following such trans-
8 fer.

9 **SEC. 8213. APPROVAL OF THIRD COUNTRY TRANSFERS.**

10 (a) IN GENERAL.—In considering a request for ap-
11 proval of any transfer of any weapon, weapons system,
12 munitions, aircraft, military vessel, or other implement of
13 war to another country, the President shall not give his
14 consent under section 8212 to the transfer unless the
15 United States itself would transfer the defense article
16 under consideration to that country.

17 (b) SIGNIFICANT MILITARY EQUIPMENT.—In addi-
18 tion, the President shall not give consent under this sub-
19 chapter to the transfer of any significant military equip-
20 ment on the United States Munitions List unless the for-
21 eign country requesting consent to transfer agrees to de-
22 militarize such equipment prior to transfer, or the pro-
23 posed recipient provides a commitment in writing to the
24 United States Government that it will not transfer such
25 equipment if not demilitarized to any other foreign coun-

1 try or person without first obtaining the consent of the
2 President.

3 **SEC. 8214. EXCHANGE TRAINING.**

4 The President is authorized to provide for attendance
5 of foreign military personnel at professional military edu-
6 cation institutions in the United States (other than service
7 academies) without charge, and without charge to funds
8 available to carry out titles II and III notwithstanding sec-
9 tion 8201, if such attendance is pursuant to an agreement
10 providing for the exchange of students on a generally re-
11 ciprocal basis each fiscal year between those United States
12 professional military education institutions and com-
13 parable institutions of foreign countries and international
14 organizations.

15 **CHAPTER 3—SPECIAL REQUIREMENTS AND AU-**
16 **THORITIES RELATING TO APPROPRIATIONS**
17 **AND LOCAL CURRENCIES**

18 **Subchapter A—Provisions Relating to**
19 **Appropriations**

20 **SEC. 8301. REQUIREMENT FOR AUTHORIZATION OF APPRO-**
21 **PRIATIONS.**

22 (a) REQUIREMENT FOR AUTHORIZATION.—Funds
23 appropriated for foreign assistance under this Act shall
24 not be available for obligation or expenditure—

1 (1) unless the appropriation thereof has been
2 specifically authorized by law; or

3 (2) in excess of an amount prescribed by law.

4 (b) SUBSEQUENT AUTHORIZATIONS.—To the extent
5 that legislation enacted after the making of an appropria-
6 tion for foreign assistance under this Act authorizes the
7 obligation or expenditure thereof, the limitation contained
8 in subsection (a) shall not apply.

9 (c) RELATION TO OTHER PROVISIONS.—The provi-
10 sions of this section shall not be superseded except by a
11 provision of law that specifically repeals or modifies the
12 provisions of this section.

13 **SEC. 8302. AUTHORITY FOR EXTENDED PERIOD OF AVAIL-**
14 **ABILITY OF APPROPRIATIONS.**

15 Amounts appropriated to carry out this Act are au-
16 thorized—

17 (1) to be made available, in appropriations
18 Acts, until expended; and

19 (2) in addition to amounts otherwise available
20 for such purposes.

21 **SEC. 8303. REDUCTION IN EARMARKS.**

22 (a) PROPORTIONAL REDUCTIONS.—If—

23 (1) the amount appropriated for a fiscal period
24 to carry out any provision of this Act is less than

1 the amount authorized to be appropriated to carry
2 out such provision, and

3 (2) the provision or provisions authorizing such
4 appropriations provides that a specified amount of
5 the amount authorized to be appropriated to carry
6 out that provision for that fiscal period shall be
7 available only for a particular country, organization,
8 or purpose,

9 then the amount so specified shall be deemed to be re-
10 duced to the amount which bears the same ratio to the
11 specified amount as the amount appropriated bears to the
12 amount authorized to be appropriated.

13 (b)(1) Funds may be made available notwithstanding
14 any provision of law described in paragraph (2) if—

15 (A) compliance with such provision is made im-
16 possible by operation of law, or

17 (B) the President determines that the country
18 or organization for whom such funds would have
19 been made available has significantly reduced its
20 military, political, or economic cooperation with the
21 United States during the preceding 12-month
22 period.

23 (2) The provisions of law to which this subsection ap-
24 plies are any provisions requiring that a specified amount
25 of funds appropriated to carry out any provision of this

1 Act shall be available only for a particular country, organi-
2 zation, or purpose.

3 **SEC. 8304. OBLIGATION UPON APPORTIONMENT.**

4 Funds appropriated to carry out this Act may be obli-
5 gated upon apportionment in accordance with title 31, sec-
6 tion 1501(a)(5)(C), United States Code.

7 **Subchapter B—Local Currencies**

8 **SEC. 8311. USE OF CERTAIN FOREIGN CURRENCIES.**

9 (a) AUTHORITY TO USE FOREIGN CURRENCIES FOR
10 ASSISTANCE PROGRAMS.—Except as otherwise provided
11 in this Act or other provisions of law, foreign currencies
12 described in subsection (b) are authorized to be appro-
13 priated for use in providing assistance under this Act.

14 (b) FOREIGN CURRENCIES WHICH MAY BE USED
15 FOR ASSISTANCE.—The foreign currencies which may be
16 used under subsection (a) are any foreign currencies re-
17 ceived as a result of the furnishing of assistance under
18 this Act (or any predecessor legislation authorizing non-
19 military assistance) other than assistance administered
20 through the Department of Defense which are in excess
21 of—

22 (1) the amounts reserved under authority of
23 section 105(d) of the Mutual Educational and Cul-
24 tural Exchange Act of 1961 or any other Act relat-
25 ing to educational and cultural exchanges; and

1 (2) the amounts required for payment by the
2 agencies of the United States Government of their
3 obligations outside the United States, as such re-
4 quirements may be established from time to time by
5 the President.

6 (c) PAYMENT OF OBLIGATIONS OF GOVERNMENT
7 AGENCIES.—Foreign currencies described in subsection
8 (b) which are in excess of the amounts described in para-
9 graph (1) of that subsection may be sold by the Secretary
10 of the Treasury to agencies of the United States Govern-
11 ment for payment of their obligations outside the United
12 States.

13 (d) USE OF FOREIGN CURRENCIES NOT OWNED BY
14 THE UNITED STATES GOVERNMENT.—With the concur-
15 rence of the relevant inspector general, the use of foreign
16 currencies that accrue or are otherwise available as a re-
17 sult of assistance provided under this Act (including pred-
18 ecessor legislation) that are not owned by the United
19 States Government, shall be the responsibility of the gov-
20 ernment owning such currencies to audit.

21 **SEC. 8312. INTEREST ON UNITED STATES-OWNED FOREIGN**
22 **CURRENCY PROCEEDS.**

23 (a) REQUIREMENT FOR PAYMENT OF INTEREST.—
24 In cases where assistance is to be furnished to any recipi-
25 ent country under this Act on a basis which will result

1 in the accrual of foreign currency proceeds to the United
2 States, agreements with respect to such assistance should
3 include provisions for the receipt of interest income on the
4 foreign currency proceeds deposited in authorized deposi-
5 tories.

6 (b) WAIVER OF REQUIREMENT.—The President may
7 waive any requirement for receipt of such income if the
8 President decides it would not be in the national interest
9 to conclude arrangements for the receipt of interest in-
10 come pursuant to subsection (a).

11 **CHAPTER 4—PROCUREMENT AND DISPOSITION**
12 **OF ARTICLES**

13 **SEC. 8401. USE OF PRIVATE ENTERPRISE.**

14 (a) IN GENERAL.—In order to encourage and facili-
15 tate participation by private enterprise to the maximum
16 extent practicable in achieving any of the purposes of this
17 Act, the President shall—

18 (1) to the maximum extent practicable carry
19 out programs of assistance through private channels
20 and, to the extent practicable, in conjunction with
21 local private or governmental participation;

22 (2) utilize wherever practicable the products
23 and services of United States private enterprise to
24 provide the necessary equipment, supplies, and skills
25 to develop and operate a specific project or program

1 of assistance in a developing country or area in any
2 case in which direct private investment is not readily
3 encouraged, and provide where appropriate for the
4 transfer of equity ownership in such project or pro-
5 gram to private investors at the earliest feasible
6 time.

7 (b) TECHNICAL ASSISTANCE.—In providing technical
8 assistance under this Act, the President shall utilize, to
9 the fullest extent practicable, goods and professional and
10 other services from private enterprise on a contract basis.
11 In such fields as education, health, housing, engineering,
12 surveying, mapping, construction or agriculture, the facili-
13 ties and resources of Federal agencies, which do not ad-
14 minister programs under this Act, may be utilized when
15 such facilities are particularly or uniquely suitable for
16 technical assistance, are not competitive with private en-
17 terprise, and can be made available without interfering un-
18 duly with domestic programs.

19 (c) ASSISTANCE PROVIDED THROUGH THE DEPART-
20 MENT OF DEFENSE.—The President shall assure that
21 there is made available to suppliers in the United States,
22 and particularly to small independent enterprises, infor-
23 mation with respect to purchases of defense articles and
24 defense services made by the Department of Defense pur-

1 suant to this Act. Such information shall be furnished as
2 far in advance as possible.

3 **SEC. 8402. PROCUREMENT STANDARDS AND PROCEDURES.**

4 (a)(1) LIMITATIONS ON PROCUREMENT OUTSIDE
5 THE UNITED STATES.—Funds made available for pro-
6 grams under this Act may be used by the President for
7 procurement—

8 (A) only in the United States, the recipient
9 country, or developing countries; or

10 (B) in any other country but only if—

11 (i) such program requires articles or serv-
12 ices of a type that are not produced in and
13 available for purchase in any country specified
14 in subparagraph (A); or

15 (ii) the President determines, on a case-by-
16 case basis, that procurement in such other
17 country is necessary—

18 (I) to meet unforeseen circumstances,
19 such as emergency situations, where it is
20 important to permit procurement in a
21 country not specified in subparagraph (A);
22 or

23 (II) to promote efficiency in the use of
24 United States foreign assistance resources,

1 including to avoid impairment of foreign
2 assistance objectives.

3 (2) For purposes of this subsection, the term “devel-
4 oping countries” shall not include advanced developing
5 countries.

6 (b) BULK COMMODITIES.—No funds made available
7 under this Act shall be used for the purchase in bulk of
8 any commodities at prices higher than the market price
9 prevailing in the United States at the time of purchase,
10 adjusted for differences in the cost of transportation to
11 destination, quality, and terms of payment.

12 (c) PROCUREMENT METHOD FOR INSTITUTIONS OF
13 HIGHER EDUCATION.—The President may establish sepa-
14 rate procurement standards and procedures for projects
15 under this Act to limit competition to a selection among
16 institutions of higher education when the projects would
17 benefit substantially from the resources and special capa-
18 bilities of such institutions.

19 **SEC. 8403. SHIPPING ON UNITED STATES VESSELS.**

20 (a) CERTAIN LAWS NOT APPLICABLE.—The ocean
21 transportation between foreign countries of articles pur-
22 chased with foreign currencies made available or derived
23 from funds made available under this Act or the Agricul-
24 tural Trade Development and Assistance Act of 1954 (7
25 U.S.C. 1691 and following), or any predecessor Acts, and

1 transfers of fresh fruit and fresh fruit products under this
2 Act, shall not be governed by section 901(b) of the Mer-
3 chant Marine Act, 1936 (46 U.S.C. app. 1241(b)), or any
4 other law relating to the ocean transportation of commod-
5 ities on United States flag vessels.

6 (b) SHIPPING DIFFERENTIAL.—For purposes of fa-
7 cilitating implementation of section 901(b) of the Mer-
8 chant Marine Act, 1936 (46 U.S.C. app. 1241(b)), funds
9 made available for commodities and services under this
10 Act may be used to make grants to recipients or otherwise
11 pay all or any portion of such differential as is determined
12 by the Secretary of Transportation to exist between Unit-
13 ed States and foreign-flag vessel charter or freight rates.
14 Grants made under this section shall be paid with United
15 States-owned foreign currencies wherever feasible.

16 **SEC. 8404. EXCESS AND OTHER AVAILABLE PROPERTY.**

17 (a) POLICY REGARDING USE OF EXCESS AND OTHER
18 AVAILABLE PROPERTY.—In furnishing assistance under
19 this Act—

20 (1) excess personal property, or

21 (2) if a substantial savings would occur, other
22 property already owned by an agency of the United
23 States Government,

1 may be utilized wherever practicable in lieu of or supple-
2 mentary to the procurement of new items for United
3 States-assisted projects and programs.

4 (b) AUTHORITY TO USE CERTAIN PROPERTY FOR
5 ASSISTANCE PURPOSES.—The President is authorized to
6 use funds made available under this Act to acquire—

7 (1) property classified as domestic or foreign
8 excess pursuant to the Federal Property and Admin-
9 istrative Services Act of 1949 (40 U.S.C. 471 and
10 following);

11 (2) any property available from an agency of
12 the United States Government; or

13 (3) other property,

14 for use of such property as assistance in furtherance of
15 the purposes of this Act. Property acquired pursuant to
16 this section may be furnished pursuant to any provision
17 of this Act for which funds are authorized for the furnish-
18 ing of assistance.

19 (c)(1) The President is also authorized for purposes
20 described in subsection (b) to maintain in a separate ac-
21 count funds made available under this Act, free from fiscal
22 year limitations (notwithstanding section 1535(d) of title
23 31, United States Code) to pay costs (including personnel
24 costs) of acquisition and storage (including in advance of
25 known requirements), renovation and rehabilitation, pack-

1 ing, crating, handling, transportation, and related costs of
2 handling and providing such property as assistance.

3 (2) The separate account established pursuant to this
4 section may be repaid—

5 (A) from funds made available pursuant to any
6 provision of this Act for which funds are authorized
7 for the furnishing of assistance for all costs in-
8 curred; or

9 (B) pursuant to section 7110 for all costs in-
10 curred.

11 (d) CONDITIONS ON USE OF EXCESS PROPERTY.—

12 (1) LIMITATION.—Government-owned excess
13 property may not be made available for use under
14 this Act unless approval is given and a determina-
15 tion is made in accordance with paragraph (2)—

16 (A) before the shipment of such property
17 for use in a specified country, or

18 (B) if the property is already in such coun-
19 try, before the transfer of the property.

20 (2) DETERMINATION.—A shipment or transfer
21 subject to paragraph (1) may take place only after
22 the President approves the shipment or transfer and
23 makes a written determination—

1 (A) that there is a need for such property
2 in the quantity requested and that such prop-
3 erty is suitable for the purpose requested;

4 (B) as to the status and responsibility of
5 the designated end-user and his ability effec-
6 tively to use and maintain such property; and

7 (C) that the residual value, serviceability,
8 and appearance of such property would not re-
9 flect unfavorably on the image of the United
10 States and would justify the costs of packing,
11 crating, handling, transportation, and other ac-
12 cessorial costs, and that the residual value at
13 least equals the total of these costs.

14 (e) This section shall not apply—

15 (1) in the case of excess property of the De-
16 partment of Defense that is furnished as assistance
17 under section 8405 of this Act; and

18 (2) in the case of funds made available for as-
19 sistance under this Act that is administered through
20 the Department of Defense.

21 **SEC. 8405. GRANT TRANSFERS OF EXCESS DEFENSE ARTI-**
22 **CLES.**

23 (a) **AUTHORITY.**—Notwithstanding any other provi-
24 sion of law, the President may transfer excess defense ar-
25 ticles to countries for which receipt of such articles was

1 separately justified in the fiscal year in which the transfer
2 is authorized, such excess defense articles as may be nec-
3 essary to carry out the purposes of titles II or III of this
4 Act.

5 (b) GENERALLY APPLICABLE PROVISIONS.—

6 (1) DEFINITION.—For purposes of this section,
7 excess property of the Coast Guard may be trans-
8 ferred on the same basis as excess defense articles
9 otherwise authorized to be transferred by this sec-
10 tion.

11 (2) TERMS OF TRANSFERS.—Excess defense ar-
12 ticles may be transferred under section without cost
13 to the recipient country or international organiza-
14 tion.

15 (3) LIMITATIONS ON TRANSFERS.—The Presi-
16 dent may transfer excess defense articles under this
17 section only if—

18 (A) they are drawn from existing stocks of
19 the Department of Defense (or the Coast
20 Guard);

21 (B) funds available to the Department of
22 Defense (or the Coast Guard) for the procure-
23 ment of defense equipment are not expended in
24 connection with the transfer;

1 (C) the transfer of the excess defense arti-
2 cles will not have an adverse impact on the mili-
3 tary readiness of the United States; and

4 (D) transferring the articles under the au-
5 thority of those sections is preferable to selling
6 them, after taking into account the potential
7 proceeds from, and likelihood of, such sales,
8 and the comparative foreign policy benefits that
9 may accrue to the United States as the result
10 of either a transfer or sale.

11 (4) ADVANCE NOTIFICATION TO CONGRESS.—

12 The President may not transfer excess defense arti-
13 cles that are significant military equipment or an ar-
14 ticle valued (in terms of its original acquisition cost)
15 at \$7,000,000 or more, under this section until 15
16 days after the President has provided notice of the
17 proposed transfer to the Committee on Armed Serv-
18 ices, the Committee on Foreign Affairs, and the
19 Committee on Appropriations of the House of Rep-
20 resentatives and the Committee on Armed Services,
21 the Committee on Foreign Relations, and the Com-
22 mittee on Appropriations of the Senate.

23 (5) WAIVER OF REQUIREMENT FOR REIM-
24 BURSEMENT OF DEPARTMENT OF DEFENSE EX-
25 PENSES.—Section 8201 shall not apply with respect

1 to transfers of excess defense articles under this sec-
2 tion.

3 (6) TRANSPORTATION AND RELATED COSTS.—
4 Funds available to the Department of Defense (or
5 the Coast Guard) shall not be expended for crating,
6 packing, handling and transportation of excess de-
7 fense articles transferred under the authority of this
8 section, except under the following conditions:

9 (A) where it is determined that it is in the
10 United States national interest to do so,

11 (B) the recipient is an international orga-
12 nization or is a developing country receiving
13 less than \$10,000,000 of assistance described in
14 subparagraphs (A) and (B) of section 8551(21)
15 of this Act in the fiscal year in which the trans-
16 portation is provided,

17 (C) the total weight of the transfer does
18 not exceed 25,000 pounds,

19 (D) such overseas transportation is accom-
20 plished on a space available basis, and

21 (E) the recipient agrees to pay packing,
22 crating, and other handling costs incurred as a
23 result of the transfer.

1 **SEC. 8406. STOCKPILING OF DEFENSE ARTICLES FOR FOR-**
2 **EIGN COUNTRIES.**

3 (a) REMOVAL FROM STOCKPILING.—Defense articles
4 in the inventory of the Department of Defense which are
5 set aside, reserved, or in any way earmarked or intended
6 for future use by any foreign country may not be made
7 available to or for use by any foreign country unless—

8 (1) such transfer is authorized under this Act
9 or the Arms Export Control Act; and

10 (2) the value of such transfer is charged
11 against funds authorized to carry out the provisions
12 of this Act or against any limitations specified in
13 such legislation, as appropriate, for the fiscal period
14 in which the defense articles are transferred.

15 (b) VALUE.—

16 (1) DEFINITION.—For purposes of subsection
17 (a), “value” means acquisition cost plus crating,
18 packing, handling, and transportation costs incurred
19 in carrying out this section.

20 (2) LIMITATION.—A defense article transferred
21 from any stockpile which is made available to or for
22 use by any foreign country may not be considered an
23 excess defense article for the purpose of determining
24 the value of that defense article.

1 **SEC. 8407. LOCATION OF STOCKPILES.**

2 Except for stockpiles located in the Republic of
3 Korea, Thailand, a country which is a member of the
4 North Atlantic Treaty Organization, a country which is
5 a major non-NATO ally, or such other countries as the
6 President may designate, no stockpile may be located out-
7 side the boundaries of a United States military base or
8 a military base used primarily by the United States.

9 **SEC. 8408. ADDITIONS TO WAR RESERVE STOCKS.**

10 (a) LIMITATION.—The value of defense articles to be
11 added to those set aside, earmarked, reserved, or intended
12 for use as war reserve stocks for allied or other foreign
13 countries (other than for purposes of the North Atlantic
14 Treaty Organization) in stockpiles located in foreign coun-
15 tries may not exceed in any fiscal year an amount specified
16 in legislation authorizing military assistance programs for
17 that fiscal year.

18 (b) AUTHORIZATION OF ADDITIONS.—The value of
19 such additions to stockpiles in foreign countries shall not
20 exceed such sums as may be authorized for a fiscal year.

21 **SEC. 8409. RETENTION AND USE OF CERTAIN ITEMS AND**
22 **FUNDS.**

23 (a) RETENTION AND USE OF CERTAIN ARTICLES.—

24 (1) AUTHORITY TO RETAIN, TRANSFER, AND
25 USE.—Any articles procured to carry out this Act
26 shall be retained by, or (upon reimbursement) trans-

1 ferred to and for the use of, such agency of the
2 United States Government as the President deems
3 appropriate in lieu of being disposed of to a foreign
4 country or international organization, whenever in
5 the judgment of the President the best interests of
6 the United States will be served thereby.

7 (2) LAWS GOVERNING DISPOSAL OF GOVERN-
8 MENT PROPERTY.—Any articles so retained may be
9 disposed of without regard to provisions of law relat-
10 ing to the disposal of property owned by the United
11 States Government, when necessary to prevent spoil-
12 age or wastage of such articles or to conserve their
13 usefulness.

14 (3) PROCEEDS CREDITED TO APPROPRIA-
15 TIONS.—Funds realized from any disposal or trans-
16 fer shall revert to the respective appropriation, fund,
17 or account used to procure such articles or to the
18 appropriation, fund, or account currently available
19 for the same general purpose.

20 (b) ARTICLES RECEIVED AS PAYMENT.—Whenever
21 articles are transferred to the United States Government
22 as repayment of assistance under this Act or the former
23 authority of the Foreign Assistance Act, such articles may
24 be used in furtherance of the purposes and within the limi-
25 tations of this Act.

1 (c) FAILED TRANSACTIONS.—Funds realized as a re-
 2 sult of any failure of a transaction financed under this
 3 Act to conform to the requirements of this Act, to applica-
 4 ble rules and regulations of the United States Govern-
 5 ment, or to the terms of any agreement or contract en-
 6 tered into under this Act, shall revert to the respective
 7 appropriation, fund, or account used to finance such
 8 transaction or to the appropriation, fund, or account cur-
 9 rently available for the same general purpose.

10 (d) DISPOSAL OF DEFENSE ARTICLES.—Funds real-
 11 ized by the United States Government from the sale,
 12 transfer, or disposal of defense articles furnished under
 13 the former authority of chapter 2 of part II of the Foreign
 14 Assistance Act of 1961, and no longer needed for the pur-
 15 poses for which furnished, shall be credited to the respec-
 16 tive appropriation, fund, or account currently available for
 17 the same general purpose.

18 **CHAPTER 5—PERSONNEL AND ADMINISTRATIVE**

19 **EXPENSES**

20 **Subchapter A—General**

21 **SEC. 8501. STATUTORY OFFICERS IN THE UNITED STATES**

22 **AGENCY FOR INTERNATIONAL DEVELOP-**
 23 **MENT.**

24 (a) APPOINTMENT.—The President may appoint, by
 25 and with the advice and consent of the Senate, 12 officers

1 in the United States Agency for International Develop-
2 ment.

3 (b) TITLE.—The President may designate the title of
4 any officer appointed under subsection (a).

5 (c) ORDER OF SUCCESSION.—The President may
6 also fix the order of succession among the officers ap-
7 pointed under subsection (a) of this section in the event
8 of the absence, death, resignation, or disability of one or
9 more of those officers.

10 **SEC. 8502. EMPLOYMENT OF PERSONNEL.**

11 (a) AUTHORITY.—Any agency or officer of the United
12 States Government carrying out functions under this Act
13 is authorized to employ such personnel as the President
14 deems necessary to carry out the provisions and purposes
15 of this Act.

16 (b) ASSISTANCE FUNCTIONS IN THE UNITED
17 STATES.—

18 (1) APPOINTMENTS WITHOUT REGARD TO CER-
19 TAIN CIVIL SERVICE LAWS.—Of the personnel em-
20 ployed in the United States by the United States
21 Agency for International Development, 110 may be
22 appointed or removed without regard to the provi-
23 sions of title 5, United States Code, governing ap-
24 pointments in the competitive service, and may be
25 compensated without regard to the provisions of

1 chapter 51 or subchapter III of chapter 53 of such
2 title, subject to paragraph (2) of this subsection.

3 (2) COMPENSATION.—Of the personnel ap-
4 pointed under paragraph (1), 51 may be com-
5 pensated at rates higher than those payable for GS-
6 15 of the General Schedule under section 5332 of
7 title 5, United States Code, but not in excess of the
8 highest rate payable under section 5376 of such
9 title.

10 (3) REINSTATEMENT RIGHTS.—Under such
11 regulations as the President may prescribe, any indi-
12 vidual employed under paragraph (1) may be enti-
13 tled, upon removal (except for cause) from the posi-
14 tion to which the appointment was made, to rein-
15 statement to the position occupied by that individual
16 at the time of appointment or to a position or com-
17 parable grade and pay.

18 (c) DEPARTMENT OF DEFENSE FUNCTIONS IN THE
19 UNITED STATES.—Of the personnel employed in the Unit-
20 ed States by the Department of Defense to carry out this
21 Act or the Arms Export Control Act not to exceed 8 may
22 be compensated at rates higher than those payable for
23 GS-15 of the General Schedule under section 5332 of title
24 5 of the United States Code, but not in excess of the high-
25 est rate payable under section 5376 of such title. Such

1 positions shall be in addition to those authorized by law
2 to be filled by Presidential appointment, and in addition
3 to the number authorized by section 5108 of title 5, Unit-
4 ed States Code.

5 (d) PERFORMANCE OF FUNCTIONS OUTSIDE THE
6 UNITED STATES.—

7 (1) AUTHORITY TO EMPLOY OR ASSIGN.—For
8 the purpose of performing functions under this Act
9 outside the United States, the President may—

10 (A) employ or assign individuals, or

11 (B) authorize the employment or assign-
12 ment of officers or employees by agencies of the
13 United States Government which are not au-
14 thorized to utilize the Foreign Service personnel
15 system.

16 (2) COMPENSATION.—Individuals employed or
17 assigned under paragraph (1) shall receive com-
18 pensation at any of the rates provided for under sec-
19 tion 402 or section 403 of the Foreign Service Act
20 of 1980, or under chapter 53 of title 5, United
21 States Code, or at any other rate authorized by law,
22 together with allowances and benefits under the For-
23 eign Service Act of 1980.

24 (3) REEMPLOYMENT RIGHTS.—Individuals so
25 employed or assigned shall be entitled to the same

1 benefits as are provided by section 310 of that Act
2 for individuals appointed to the Foreign Service, ex-
3 cept to the extent that the President may specify
4 otherwise in cases in which the period of employ-
5 ment or assignment exceeds 30 months.

6 (e) CERTAIN FUNDS DEEMED OBLIGATED FOR CER-
7 TAIN SERVICES.—Funds provided for in agreements with
8 foreign countries for the furnishing of services under this
9 Act with respect to specific projects shall be deemed to
10 be obligated for the services for personnel employed by
11 agencies of the United States Government (other than the
12 United States Agency for International Development or
13 the Department of Defense) as well as personnel not em-
14 ployed by the United States Government.

15 **SEC. 8503. EXPERTS, CONSULTANTS, AND RETIRED OFFI-**
16 **CERS.**

17 (a) AUTHORITY TO EMPLOY.—Experts and consult-
18 ants or organizations thereof may, in accordance with sec-
19 tion 3109 of title 5 of the United States Code, be em-
20 ployed for the performance of functions under this Act.

21 (b) MANDATORY RETIREMENT AGE NOT APPLICA-
22 BLE.—Service of an individual as an expert or consultant
23 under subsection (a) of this section shall not be considered
24 as employment or holding of office or position bringing

1 such individual within the provisions of section 3323(a)
2 of title 5 of the United States Code.

3 (c) EMPLOYMENT OF CERTAIN PERSONS WITHOUT
4 COMPENSATION.—Persons of outstanding experience and
5 ability may be employed without compensation by any
6 agency of the United States Government for the perform-
7 ance of functions under this Act in accordance with the
8 provisions of section 710(b) of the Defense Production Act
9 of 1950 (50 U.S.C. App. 2160(b)), and regulations issued
10 thereunder.

11 **SEC. 8504. DETAIL OF PERSONNEL TO FOREIGN GOVERN-**
12 **MENTS AND INTERNATIONAL ORGANIZA-**
13 **TIONS.**

14 (a) DETAILS TO FOREIGN GOVERNMENTS.—When
15 consistent with and in furtherance of the purposes of this
16 Act, the head of any agency of the United States Govern-
17 ment is authorized to detail any officer or employee of that
18 agency to any office or position with any foreign govern-
19 ment or foreign government agency, where acceptance of
20 such office or position does not involve the taking of an
21 oath of allegiance to another government or acceptance of
22 compensation or other benefits from any foreign country
23 by such officer or employee.

24 (b) DETAILS TO INTERNATIONAL ORGANIZATIONS.—
25 When consistent with and in furtherance of the purposes

1 of this Act, the head of any agency of the United States
2 Government is authorized to detail to any international
3 organization or arrangement, any officer or employee of
4 that agency to service with, or as a member of, the inter-
5 national staff of such organization, or to render any tech-
6 nical, scientific, or professional advice or service to, or in
7 cooperation with, such organization.

8 (c) STATUS OF PERSONNEL DETAILED.—

9 (1) RETENTION OF BENEFITS.—Any officer or
10 employee, while detailed under this section—

11 (A) shall be considered an officer or em-
12 ployee of the United States Government and of
13 the agency of the United States Government
14 from which detailed for the purpose of preserv-
15 ing his or her allowances, privileges, rights, se-
16 niority, and other benefits as such; and

17 (B) shall continue to receive compensation,
18 allowances, and benefits from funds appro-
19 priated to that agency or made available to that
20 agency under this Act, or may be detailed on a
21 leave without pay status.

22 (2) ALLOWANCES.—Any officer or employee as-
23 signed, detailed, or appointed under this section, sec-
24 tion 8503, section 8505, or section 8506 may receive
25 (under such regulations as the President may pre-

1 scribe) representation allowances similar to those al-
2 lowed under section 905 of the Foreign Service Act
3 of 1980. The authorization of such allowances and
4 other benefits and the payment thereof out of any
5 appropriations available therefor shall be considered
6 as meeting all the requirements of section 5536 of
7 title 5, United States Code.

8 (d) TERMS OF DETAIL.—Details may be made under
9 this section or section 408 of the Mutual Security Act of
10 1954 in accordance with any of the following paragraphs:

11 (1) Without reimbursement to the United
12 States Government by the foreign government or
13 international organization;

14 (2) Upon agreement by the foreign government
15 or international organization to reimburse the Unit-
16 ed States Government for compensation, travel ex-
17 penses, benefits, and allowances, or any part thereof,
18 payable to the officer or employee concerned during
19 the period of detail. Such reimbursements (including
20 foreign currencies) shall be credited to the appro-
21 priation, fund, or account utilized for paying such
22 compensation, travel expenses, benefits, or allow-
23 ances, or to the appropriation, fund, or account cur-
24 rently available for such purposes;

1 (3) Upon an advance of funds, property, or
2 services by the foreign government or international
3 organization to the United States Government ac-
4 cepted with the approval of the President for speci-
5 fied uses in furtherance of the purposes of this Act.
6 Funds so advanced may be established as a separate
7 fund in the Treasury of the United States Govern-
8 ment, to be available for the specified uses, and to
9 be used for reimbursement of appropriations or di-
10 rect expenditure subject to the provisions of this
11 Act, any unexpended balance of such account to be
12 returned to the foreign government or international
13 organization; or

14 (4) Subject to the receipt by the United States
15 Government of a credit to be applied against the
16 payment by the United States Government of its
17 share of the expenses of the international organiza-
18 tion to which the officer or employee is detailed,
19 such credit to be based upon the compensation, trav-
20 el expenses, benefits and allowances, or any part
21 thereof, payable to such officer or employee during
22 the period of detail in accordance with subsection
23 (c).

1 **SEC. 8505. HEAD OF OFFICES ABROAD.**

2 (a) APPOINTMENT.—The President may appoint a
3 head and deputy head of each office or staff maintained
4 under section 8106.

5 (b) COMPENSATION AND ALLOWANCES.—Such head
6 shall be entitled to receive such compensation and allow-
7 ances as are authorized by the Foreign Service Act of
8 1980, not to exceed those authorized for a chief of mission
9 (as defined in section 102(a)(3) of that Act), as the Presi-
10 dent deems appropriate.

11 **SEC. 8506. CHAIRMAN OF OECD DEVELOPMENT ASSIST-**
12 **ANCE COMMITTEE.**

13 (a) APPOINTMENT.—The President may—

14 (1) appoint any United States citizen who is
15 not an employee of the United States Government,
16 or

17 (2) assign any United States citizens who is an
18 employee of the United States Government, to serve
19 as Chairman of the Development Assistance Com-
20 mittee (or any successor committee) of the Organi-
21 zation for Economic Cooperation and Development,
22 upon election thereto by members of that Commit-
23 tee.

24 (b) COMPENSATION AND ALLOWANCES.—An individ-
25 ual appointed or assigned under subsection (a) may re-
26 ceive such compensation and allowances as are authorized

1 by the Foreign Service Act of 1980, not to exceed those
2 authorized for a chief of mission (as defined in section
3 102(a)(3) of that Act), as the President deems appro-
4 priate. Such individual, if appointed under subsection
5 (a)(1), shall be deemed to be an employee of the United
6 States Government for purposes of chapters 81, 83, 84,
7 87, and 89 of title 5, United States Code. Such individual
8 may also, in the President's discretion, receive any other
9 benefits and perquisites available under this Act to heads
10 of offices or staffs maintained under section 8106.

11 **SEC. 8507. ASSIGNMENT OF DOD PERSONNEL TO CIVIL OF-**
12 **FICES.**

13 Notwithstanding section 973(b) of title 10, United
14 States Code, personnel of the Department of Defense may
15 be assigned or detailed to any civil office to carry out this
16 Act.

17 **SEC. 8508. DISCRIMINATION AGAINST UNITED STATES PER-**
18 **SONNEL PROVIDING ASSISTANCE.**

19 It is the sense of the Congress that—

20 (1) the assignment of officers and employees of
21 the United States to carry out any assistance pro-
22 gram funded under this Act in any foreign country,
23 should not take into account the race, religion, na-
24 tional origin, or sex of any such officer or employee,

1 and such assignments should be made solely on the
2 basis of ability and relevant experience.

3 (2) assistance under this Act should not be fur-
4 nished to any foreign country, the laws, regulations,
5 official policies, or governmental practices of which
6 prevent any United States person (as defined in sec-
7 tion 7701(a)(30) of the Internal Revenue Code of
8 1954) from participating in the furnishing of assist-
9 ance under this Act on the basis of race, religion,
10 national origin, or sex.

11 **SEC. 8509. AVAILABILITY OF FUNDS FOR OPERATING EX-**
12 **PENSES GENERALLY.**

13 (a) IN GENERAL.—Funds shall be available to carry
14 out the provisions of this section as authorized and appro-
15 priated to the President each fiscal year.

16 (b) ADDITIONAL AMOUNTS.—There are authorized to
17 be appropriated to the President such additional amounts
18 as may be necessary for increases in salary, pay, retire-
19 ment, and other employee benefits authorized by law, and
20 for other nondiscretionary costs of such agency.

21 **SEC. 8510. AVAILABILITY OF FUNDS FOR OPERATING EX-**
22 **PENSES OF THE INSPECTOR GENERAL.**

23 (a) IN GENERAL.—Funds shall be available to carry
24 out the provisions of this section as authorized and appro-
25 priated to the President each fiscal year.

1 (b) ADDITIONAL AMOUNTS.—There are authorized to
2 be appropriated to the President such additional amounts
3 as may be necessary for increases in salary, pay, retire-
4 ment, and other employee benefits authorized by law, and
5 for other nondiscretionary costs of such office.

6 **SEC. 8511. AVAILABILITY OF FUNDS.**

7 Notwithstanding any other provision of law, the Unit-
8 ed States Agency for International Development may obli-
9 gate and expend funds in advance of appropriations in an
10 amount sufficient to maintain operations at posts abroad
11 for up to three days.

12 **Subchapter B—Overseas Management of Assistance**
13 **and Sales Programs Administered Through the**
14 **Department of Defense**

15 **SEC. 8521. AUTHORIZED FUNCTIONS.**

16 (a) IN GENERAL.—In order to carry out responsibil-
17 ities for the management of assistance and sales programs
18 administered through the Department of Defense under
19 this Act and under the Arms Export Control Act, the
20 President may assign members of the Armed Forces to
21 a foreign country to perform one or more of the following
22 functions:

- 23 (1) Equipment and services case management.
- 24 (2) Training management.
- 25 (3) Program monitoring.

1 (4) Evaluation and planning of the host govern-
2 ment's military capabilities and requirements.

3 (5) Administrative support.

4 (6) Promoting rationalization, standardization,
5 interoperability, and other defense cooperation meas-
6 ures.

7 (7) Liaison functions exclusive of advisory and
8 training assistance.

9 (b) ADVISORY AND TRAINING ASSISTANCE.—Advi-
10 sory and training assistance conducted by members of the
11 Armed Forces assigned for purposes of providing defense
12 articles or defense services shall be kept to an absolute
13 minimum. Advising and training assistance in countries
14 to which members of the Armed Forces are assigned for
15 such purposes should be provided primarily by other per-
16 sonnel who are not assigned for such purposes and who
17 are detailed for limited periods to perform specific tasks.

18 **SEC. 8522. COSTS.**

19 The entire costs (excluding salaries of members of the
20 Armed Forces other than the Coast Guard) of overseas
21 management of programs for providing defense articles
22 and defense services under this Act shall be charged to
23 or reimbursed from funds allocated to the Department of
24 Defense, pursuant to the authorities of this Act, other
25 than any such costs which are either—

1 (1) paid directly for such defense services under
2 section 21(a) of the Arms Export Control Act, or

3 (2) reimbursed from charges for services col-
4 lected from foreign governments pursuant to section
5 21(e) and section 43(b) of that Act.

6 **SEC. 8523. ROLE OF CHIEF OF MISSION.**

7 Members of the Armed Forces assigned to a foreign
8 country under section 8521 of this Act shall serve under
9 the direction and supervision of the Chief of the United
10 States Diplomatic Mission to that country.

11 **Subchapter C—Administrative Provisions for the**
12 **Trade and Development Agency**

13 **SEC. 8531. DIRECTOR AND PERSONNEL.**

14 (a) DIRECTOR.—There shall be at the head of the
15 Trade and Development Agency a Director who shall be
16 appointed by the President, by and with the advice and
17 consent of the Senate.

18 (b) OFFICERS AND EMPLOYEES.—

19 (1) The Director may appoint such officers and
20 employees of the Trade and Development Agency as
21 the Director considers appropriate.

22 (2) The officers and employees appointed under
23 this paragraph shall have such functions as the Di-
24 rector may determine.

1 (3) Of the officers and employees appointed
2 under this paragraph, 2 may be appointed without
3 regard to the provisions of title 5, United States
4 Code, governing in appointments in the competitive
5 service, and may be compensated without regard to
6 the provisions of chapter 51 or subchapter III of
7 chapter 53 of such title.

8 (4) Under such regulations as the President
9 may prescribe, any individual appointed under sub-
10 paragraph (C) may be entitled, upon removal (except
11 for cause) from the position to which the appoint-
12 ment was made, to reinstatement to the position oc-
13 cupied by that individual at the time of appointment
14 or to a position of comparable grade and pay.

15 **SEC. 8532. AUDITS.**

16 (a) IN GENERAL.—The Trade and Development
17 Agency shall be subject to the provisions of chapter 35
18 of title 31, United States Code, except as otherwise pro-
19 vided in this section.

20 (b) INDEPENDENT AUDIT.—An independent certified
21 public accountant shall perform a financial and compli-
22 ance audit of the financial statements of the Trade and
23 Development Agency each year, in accordance with gen-
24 erally accepted Government auditing standards for a fi-
25 nancial and compliance audit, taking into consideration

1 any standards recommended by the Comptroller General.
2 The independent certified public accountant shall report
3 the results of such audit to the Director of the Trade and
4 Development Agency. The financial statements of the
5 Trade and Development Agency shall be presented in ac-
6 cordance with generally accepted accounting principles.
7 These financial statements and the report of the account-
8 ant shall be included in a report which contains, to the
9 extent applicable, the information identified in section
10 3512 of title 31, United States Code, and which the Trade
11 and Development Agency shall submit to the Congress not
12 later than 6½ months after the end of the last fiscal year
13 covered by the audit. The Comptroller General may review
14 the audit conducted by the accountant and the report to
15 the Congress in the manner and at such times as the
16 Comptroller General considers necessary.

17 (c) AUDIT BY COMPTROLLER GENERAL.—In lieu of
18 the financial and compliance audit required by paragraph
19 (2), the Comptroller General shall, if the Comptroller Gen-
20 eral considers it necessary or upon the request of the Con-
21 gress, audit the financial statements of the Trade and De-
22 velopment Agency in the manner provided in paragraph
23 (2).

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

1 property belonging to or in use by the Trade and Develop-
 2 ment Agency and the accountant who conducts the audit
 3 under paragraph (2), which are necessary for purposes of
 4 this subsection, shall be made available to the representa-
 5 tives of the General Accounting Office designated by the
 6 Comptroller General.

7 **SEC. 8533. ANNUAL REPORT.**

8 The President shall, not later than December 31 of
 9 each year, submit to the Committee on Foreign Affairs
 10 of the House of Representatives and the Committee on
 11 Foreign Relations of the Senate a report on the activities
 12 of the Trade and Development Agency in the preceding
 13 fiscal year.

14 **Subchapter D—Administrative Provisions for the**
 15 **Overseas Private Investment Corporation**

16 **SEC. 8541. STOCK OF THE CORPORATION.**

17 The Secretary of the Treasury shall hold the capital
 18 stock of the Corporation.

19 **SEC. 8542. ORGANIZATION AND MANAGEMENT.**

20 (a) **STRUCTURE OF THE CORPORATION.**—The Cor-
 21 poration shall have a Board of Directors, a President, an
 22 Executive Vice President, and such other officers and staff
 23 as the Board of Directors may determine.

24 (b) **BOARD OF DIRECTORS.**—

1 (1) IN GENERAL.—All powers of the Corpora-
2 tion shall vest in and be exercised by or under the
3 authority of its Board of Directors (hereafter in this
4 subchapter referred to as “the Board”) which shall
5 consist of 15 Directors (including the Chair and
6 Vice Chair), with 8 Directors constituting a quorum
7 for the transaction of business.

8 (2) COMPOSITION OF THE BOARD.—

9 (A) CHAIR.—The Chair of the Board shall
10 be the Administrator of the United States
11 Agency for International Development, ex
12 officio.

13 (B) VICE CHAIR.—The Vice Chair of the
14 Board shall be the United States Trade Rep-
15 resentative, ex officio, except that the United
16 States Trade Representative may designate the
17 Deputy United States Trade Representative to
18 serve as Vice Chairman in place of the United
19 States Trade Representative.

20 (C) PRESIDENT OF OPIC.—The President
21 of the Corporation shall serve as a Director, ex
22 officio.

23 (D) PUBLIC SECTOR DIRECTORS.—(i) In
24 addition to the directors provided for in sub-
25 paragraphs (A) through (C), five Directors who

1 are officers or employees of the Government of
2 the United States shall be designated by the
3 President of the United States, including an of-
4 ficer or employee of the Department of Labor.

5 (ii) The Directors designated under this
6 subparagraph shall receive no additional com-
7 pensation by virtue of their service as such a
8 Director.

9 (E) PRIVATE SECTOR DIRECTORS.—Eight
10 Directors who are not otherwise officers or em-
11 ployees of the Government of the United States
12 shall be appointed by the President of the Unit-
13 ed States, by and with the advice and consent
14 of the Senate. Of these, at least—

15 (i) two shall be experienced in small
16 business,

17 (ii) one shall be experienced in orga-
18 nized labor, and

19 (iii) one shall be experienced in co-
20 operatives.

21 (F) EACH DIRECTOR APPOINTED UNDER
22 SUBPARAGRAPH (E).—

23 (i) shall be appointed for a term of
24 not more than 3 years; the terms of not

1 more than three such Directors shall expire
2 in any 1 year;

3 (ii) shall serve until their successors
4 are appointed and qualified and may be
5 reappointed to subsequent terms; and

6 (iii) shall be compensated at the daily
7 equivalent of the annual rate of pay in ef-
8 fect for level IV of the Executive Schedule
9 under section 5315 of title 5, United
10 States Code, for each day (including travel
11 time) during which such Director is actu-
12 ally engaged in the business of the Cor-
13 poration, and may be paid travel or trans-
14 portation expenses to the extent authorized
15 for employees serving intermittently in the
16 Government service under section 5703 of
17 title 5, United States Code.

18 (c) APPOINTMENT OF THE PRESIDENT.—The Presi-
19 dent of the Corporation shall be appointed by the Presi-
20 dent of the United States, by and with the advice and con-
21 sent of the Senate. In making such appointment, the
22 President shall take into account the private business ex-
23 perience of the appointee. The President of the Corpora-
24 tion shall be its Chief Executive Officer and shall be re-
25 sponsible for the operations and management of the Cor-

1 poration, subject to bylaws and policies established by the
2 Board.

3 (d) OFFICERS AND STAFF.—

4 (1) EXECUTIVE VICE PRESIDENT.—The Execu-
5 tive Vice President of the Corporation shall be ap-
6 pointed by the President of the United States, by
7 and with the advice and consent of the Senate.

8 (2) OTHER OFFICERS AND STAFF.—(A) The
9 Corporation may appoint such other officers and
10 such employees (including attorneys) and agents as
11 the Corporation considers appropriate.

12 (B) The officers, employees, and agents ap-
13 pointed under this subsection shall have such func-
14 tions as the Corporation may determine.

15 (C) Of the officers, employees, and agents ap-
16 pointed under this paragraph, 20 may be appointed,
17 compensated or removed without regard to civil serv-
18 ice laws and regulations.

19 (D) Under such regulations as the President of
20 the United States may prescribe, any individual ap-
21 pointed under subparagraph (C) may be entitled,
22 upon removal (except for cause) from the position to
23 which the appointment was made, to reinstatement
24 to the position occupied by that individual at the

1 time of appointment or to a position of comparable
2 grade and pay.

3 **SEC. 8543. INCOME AND REVENUES.**

4 In order to carry out the purposes of the Corporation,
5 all revenues and income transferred to or earned by the
6 Corporation, from whatever source derived, except for pay-
7 ments to the financing account, shall be held by the Cor-
8 poration and shall be available to carry out its purposes,
9 including without limitation—

10 (1) payment of all expenses of the Corporation,
11 including investment promotion expenses;

12 (2) transfers and additions to the insurance re-
13 serve, financing accounts and such other funds, ac-
14 counts or reserves as the Corporation may establish,
15 at such time and in such amounts as the Board may
16 determine; and

17 (3) payment of dividends, on capital stock,
18 which shall consist of and be paid from net earnings
19 of the Corporation after payments, transfers, and
20 additions under paragraphs (1) and (2).

21 **SEC. 8544. GENERAL PROVISIONS RELATING TO INSUR-**
22 **ANCE AND FINANCING PROGRAM.**

23 (a) AGREEMENTS WITH COUNTRIES.—Insurance, re-
24 insurance, and guarantees issued under chapter 1 of title
25 V shall not cover investment made in connection with

1 projects in any country or area unless the President of
2 the United States has agreed with the government of such
3 country or area to institute a program for such insurance,
4 reinsurance, or guarantees.

5 (b) PROTECTION OF INTERESTS OF THE CORPORA-
6 TION.—The Corporation shall determine that suitable ar-
7 rangements exist for protecting the interest of the Cor-
8 poration in connection with any insurance, reinsurance, or
9 guarantee issued under chapter 1 of title V, including ar-
10 rangements concerning ownership, use, and disposition of
11 the currency, credits, assets, or investments on account
12 of which payment under such insurance, guarantee, or re-
13 insurance is to be made, and any right, title, claim, or
14 cause of action existing in connection therewith.

15 (c) FULL FAITH AND CREDIT PLEDGED.—All guar-
16 antees issued pursuant to predecessor guarantee author-
17 ity, and all insurance, reinsurance, and guarantees issued
18 pursuant to chapter 1 of title V shall constitute obliga-
19 tions, in accordance with the terms of such insurance, re-
20 insurance, or guarantees, of the United States of America,
21 and the full faith and credit of the United States of Amer-
22 ica is hereby pledged for the full payment and performance
23 of such obligations.

24 (d) FEES.—Fees may be charged for providing insur-
25 ance, reinsurance, financing, and other services under

1 chapter 1 of title V in amounts to be determined by the
2 Corporation. Fees paid for project-specific transaction
3 costs and other transaction costs, including but not limited
4 to project-related travel and expenses for legal representa-
5 tion, associated with services provided to specific investors
6 or potential investors pursuant to section 5102, including
7 financing, insurance, reinsurance, missions, seminars, con-
8 ferences, and other pre-investment services, shall be avail-
9 able for obligation for the purposes for which they were
10 collected notwithstanding any other provision of law.
11 Transaction costs relating to investment financing com-
12 mitments entered into pursuant to section 5102(b) shall
13 be considered cash flows from the Government resulting
14 from financing commitments and shall be paid out of the
15 appropriate financing account established pursuant to sec-
16 tion 505(b) of the Federal Credit Reform Act of 1990.

17 (e) INSURANCE, REINSURANCE, AND FINANCING
18 LIMITED TO 20 YEARS.—No insurance, reinsurance, or fi-
19 nancing of any equity investment under chapter 1 of title
20 V shall extend beyond 20 years from the date on which
21 such insurance, reinsurance, or financing is issued.

22 (f) AMOUNT OF COMPENSATION PAID ON CLAIMS.—
23 Compensation for any insurance, reinsurance, or financing
24 issued under chapter 1 of title V shall not exceed the dol-
25 lar value, as of the date of the investment, of the invest-

1 ment made in the project with the approval of the Cor-
2 poration plus interest, earnings, or profits actually ac-
3 crued on such investment to the extent provided by such
4 insurance, reinsurance, or guarantee, except that the Cor-
5 poration may provide that—

6 (1) appropriate adjustments in the insured dol-
7 lar value may be made to reflect the replacement
8 cost of project assets;

9 (2) compensation for a claim of loss under in-
10 surance of an equity investment may be computed
11 on the basis of the net book value attributable to
12 such equity investment on the date of loss; and

13 (3) compensation for loss due to business inter-
14 ruption may be computed on a basis to be deter-
15 mined by the Corporation which reflects amounts
16 lost.

17 Notwithstanding the preceding sentence, the Corporation
18 shall limit the amount of direct insurance and reinsurance
19 issued under section 5102 or 5103 so that risk of loss
20 as to at least 10 percent of the total investment of the
21 insured and its affiliates in the project is borne by the
22 insured and such affiliates, except that this limitation
23 shall not apply to direct insurance or reinsurance of loans
24 by banks or other financial institutions to unrelated
25 parties.

1 (g) LIMITATION WITH RESPECT TO FOREIGN CRED-
2 IT INSTITUTIONS.—Insurance, guarantees, or reinsurance
3 of a loan or equity investment of an eligible investor in
4 a foreign bank, finance company, or other credit institu-
5 tion shall extend only to such loan or equity investment
6 and not to any individual loan or equity investment made
7 by such foreign bank, finance company, or other credit
8 institution.

9 (h) SETTLEMENT AND ARBITRATION OF CLAIMS.—
10 Claims arising as a result of insurance, reinsurance, or
11 guarantee operations under chapter 1 of title V or under
12 predecessor guarantee authority may be settled, and dis-
13 putes arising as a result thereof may be arbitrated with
14 the consent of the parties, on such terms and conditions
15 as the Corporation may determine. Payment made pursu-
16 ant to any such settlement, or as a result of an arbitration
17 award, shall be final and conclusive notwithstanding any
18 other provision of law.

19 (i) CONTRACTS PRESUMED TO COMPLY WITH
20 ACT.—Each insurance, reinsurance, or guarantee contract
21 executed by such officer or officers as may be designated
22 by the Board shall be conclusively presumed to be issued
23 in compliance with the requirements of this Act.

24 (j) PENALTIES FOR FRAUD.—Whoever knowingly
25 makes any false statement or report, or willfully

1 overvalues any land, property, or security, for the purpose
2 of influencing in any way the action of the Corporation
3 with respect to any insurance, reinsurance, guarantee,
4 loan, equity investment, or other activity of the Corpora-
5 tion under section 5102 or any change or extension of any
6 such insurance, reinsurance, guarantee, loan, equity in-
7 vestment, or activity, by renewal, deferment of action or
8 otherwise, or the acceptance, release, or substitution of se-
9 curity therefor, shall be fined not more than \$1,000,000
10 or imprisoned not more than 30 years, or both.

11 (k) USE OF LOCAL CURRENCIES.—Direct loans or
12 investments made in order to preserve the value of funds
13 received in inconvertible foreign currency by the Corpora-
14 tion as a result of activities conducted pursuant to section
15 5102(a) shall not be considered in determining whether
16 the Corporation has made or has outstanding loans, guar-
17 anties, or investments to the extent of any limitation on
18 obligations, commitments, and equity investment imposed
19 by or pursuant to chapter 1 of title V. The provision of
20 section 504(b) of the Federal Credit Reform Act of 1990
21 shall not apply to direct loan obligations made with funds
22 described in this subsection.

23 (l) TERMINATION.—Provisions of this or any other
24 Act requiring the termination of assistance under this or
25 any other Act shall not be construed to require the termi-

1 nation of contracts or commitments that were entered or
2 were being processed under chapter 1 of title V prior to
3 the effective date of the termination of assistance.

4 **SEC. 8545. GENERAL PROVISIONS AND POWERS.**

5 (a) PRINCIPAL OFFICE.—The Corporation shall have
6 its principal office in the Distict of Columbia and shall
7 be deemed, for purposes of venue in civil actions, to be
8 a resident of the District of Columbia.

9 (b) AUDITS.—

10 (1) IN GENERAL.—The Corporation shall be
11 subject to the applicable provisions of chapter 91 of
12 title 31, United States Code, except as otherwise
13 provided in this Act.

14 (2) INDEPENDENT AUDIT.—An independent
15 certified public accountant shall perform a financial
16 and compliance audit of the financial statements of
17 the Corporation each year, in accordance with gen-
18 erally accepted Government auditing standards for a
19 financial and compliance audit. The independent cer-
20 tified public accountant shall report the results of
21 such audit to the Board. The financial statements of
22 the Corporation shall be presented in accordance
23 with generally accepted accounting principles. These
24 financial statements and the report of the account-
25 ant shall be included in a report which contains, to

1 the extent applicable, the information identified in
2 section 9106 of title 31, United States Code, and
3 which the Corporation shall submit to the Congress
4 not later than 6½ months after the end of the last
5 fiscal year covered by the audit. The Comptroller
6 General may review the audit conducted by the ac-
7 countant and report to the Congress in the manner
8 and at such times as the Comptroller General con-
9 siders necessary.

10 (3) AUDIT BY COMPTROLLER GENERAL.—The
11 Comptroller General shall, if the Comptroller Gen-
12 eral considers it necessary or upon the request of the
13 Congress, audit the financial statements of the Cor-
14 poration in the manner provided in paragraph (2).

15 (4) AVAILABILITY OF INFORMATION.—All
16 books, accounts, financial records, reports, files,
17 work papers, and property belonging to or in use by
18 the Corporation and the accountant who conducts
19 the audit under paragraph (2), which are necessary
20 for purposes of this subsection, shall be made avail-
21 able to the representatives of the General Account-
22 ing Office designated by the Comptroller General.

23 (c) POWERS.—To carry out the purposes of chapter
24 1 of title V, the Corporation is authorized—

1 (1) to adopt and use a corporate seal, which
2 shall be judicially noticed;

3 (2) to sue and be sued in its corporate name;

4 (3) to adopt, amend, and repeal bylaws govern-
5 ing the conduct of its business and the performance
6 of the powers and duties granted to or imposed upon
7 it by law;

8 (4) to acquire, hold, or dispose of, upon such
9 terms and conditions as the Corporation may deter-
10 mine, any property, real, personal, or mixed, tan-
11 gible or intangible, or any interest therein;

12 (5) to invest funds derived from fees and other
13 revenues in obligations of the United States and to
14 use the proceeds therefrom, including earnings and
15 profits, as it considers appropriate;

16 (6) to indemnify directors, officers, employees,
17 and agents of the Corporation for liabilities and ex-
18 penses incurred in connection with their Corporation
19 activities;

20 (7) to require bonds of officers, employees, and
21 agents and to pay the premiums therefor;

22 (8) notwithstanding any other provision of law,
23 to represent itself or to contract for representation
24 in all legal and arbitral proceedings;

1 (9) to enter into limited-term contracts with na-
2 tionals of the United States for personal services to
3 carry out activities in the United States and abroad
4 under section 5102;

5 (10) to purchase, discount, rediscount, sell, and
6 negotiate, with or without its endorsement or guar-
7 antee, and guarantee notes, participation certifi-
8 cates, and other evidence of indebtedness (except
9 that the Corporation shall not issue its own securi-
10 ties, except participation certificates for the purpose
11 of carrying out section 5101(c)(3), participation cer-
12 tificates in connection with transactions authorized
13 by 5102(b), or participation certificates as evidence
14 of indebtedness held by the Corporation in connec-
15 tion with settlement of claims under section
16 8544(h));

17 (11) to make and carry out such contracts and
18 agreements as are necessary and advisable in the
19 conduct of its business;

20 (12) to exercise any priority of the government
21 of the United States in collecting debts from the es-
22 tates of bankrupt, insolvent, or decedent parties;

23 (13) to determine the character of and the ne-
24 cessity for its obligations and expenditures, and the
25 manner in which they shall be incurred, allowed, and

1 paid, subject to provisions of law specifically applica-
2 ble to Government corporations;

3 (14) to collect or compromise any obligations
4 assigned to or held by the Corporation, including
5 any legal or equitable rights accruing to the Cor-
6 poration; and

7 (15) to take such actions as may be necessary
8 or appropriate to carry out the powers of the Cor-
9 poration.

10 (d) INSPECTOR GENERAL.—

11 (1) AUTHORITY.—The Inspector General of the
12 United States Agency for International Development
13 may conduct audits, investigations, and inspections
14 of all phases of the Corporation's operations and ac-
15 tivities.

16 (2) RELATION TO PRESIDENT OF CORPORA-
17 TION.—The Inspector General shall report to and be
18 under the general supervision of the President of the
19 Corporation with respect to activities undertaken
20 pursuant to this subsection, except that the Presi-
21 dent of the Corporation shall not prevent or prohibit
22 the Inspector General from initiating, carrying out,
23 or completing any such activity in accordance with
24 the duties, authorities, and responsibilities contained

1 in the Inspector General Act of 1978 and any other
2 applicable law or regulation.

3 (3) EXPENSES.—The Inspector General shall be
4 reimbursed by the Corporation for all expenses in-
5 curred by the Inspector General in connection with
6 the Inspector General's responsibilities under this
7 subsection.

8 (4) INSPECTOR GENERAL ACT.—For purposes
9 of the Inspector General Act of 1978, the Corpora-
10 tion shall continue to be considered a Federal entity
11 and the President of the Corporation shall be consid-
12 ered the head of the Federal entity.

13 (5) SEMIANNUAL REPORT.—The semiannual re-
14 port required under section 5 of the Inspector Gen-
15 eral Act of 1978 shall include information relating
16 to activities of the Inspector General undertaken
17 pursuant to this subsection.

18 (e) EXEMPTION FROM STATE AND LOCAL TAX-
19 ATION.—The Corporation (including its franchise, capital,
20 reserves, surplus, advances, intangible property, and in-
21 come) shall be exempt from all taxation at any time im-
22 posed by any State, the District of Columbia, or any coun-
23 ty, municipality, or local taxing authority.

1 **SEC. 8546. ANNUAL REPORT; MAINTENANCE OF INFORMA-**
2 **TION.**

3 (a) ANNUAL REPORT.—After the end of each fiscal
4 year, the President shall submit to the Congress a com-
5 plete and detailed report of the Corporation's operations
6 during such fiscal year. Such report shall include—

7 (1) an assessment, based upon the development
8 impact profiles required by section 5105(a), of the
9 economic and social development impact and benefits
10 of the projects with respect to which such profiles
11 are prepared, and of the extent to which the oper-
12 ations of the Corporation complement or are com-
13 patible with the development assistance programs of
14 the United States and other donors; and

15 (2) a description of any project for which the
16 Corporation refused to provide any insurance, rein-
17 surance, financing, or other financial support, on ac-
18 count of violations of human rights referred to in
19 section 8543(d).

20 (b) PROJECTIONS OF EFFECTS ON EMPLOYMENT.—

21 (1) IN GENERAL.—Each annual report required
22 by subsection (a) shall contain projections of the ef-
23 fects on employment in the United States of all
24 projects for which, during the fiscal year covered by
25 the report, the Corporation initially issued any in-
26 surance, reinsurance, or guarantee or provided fi-

1 nancing. Each such report shall include projections
2 of—

3 (A) the amount of United States exports to
4 be generated by those projects, both during the
5 start-up phase and over a period of years;

6 (B) the final destination of the products to
7 be produced as a result of those projects; and

8 (C) the impact such production will have
9 on the production of similar products in the
10 United States with regard to both domestic
11 sales and exports.

12 (2) INFORMATION IN AGGREGATE FORM.—The
13 projections required by this subsection shall be based
14 on an analysis of each of the projects described in
15 paragraph (1). Such projections may, however,
16 present information and analysis in aggregate form,
17 but only if—

18 (A) those projects which are projected to
19 have a positive effect on employment in the
20 United States and those projects which are pro-
21 jected to have a negative effect on employment
22 in the United States are grouped separately;
23 and

24 (B) there is set forth for each such group-
25 ing the key characteristics of the projects within

1 that grouping, including the number of projects
2 in each economic sector, the countries in which
3 the projects in each economic sector are located,
4 and the projected level of the impact of the
5 projects in each economic sector on employment
6 in the United States and on United States
7 trade.

8 (c) MAINTENANCE OF INFORMATION.—The Corpora-
9 tion shall maintain as part of its records—

10 (1) all information collected in preparing the re-
11 port required by section 240A(c) of the Foreign As-
12 sistance Act of 1961 (as in effect before the enact-
13 ment of the Overseas Private Investment Corpora-
14 tion Amendments Act of 1988), whether the infor-
15 mation was collected by the Corporation itself or by
16 a contractor; and

17 (2) a copy of the analysis of each project ana-
18 lyzed in preparing the projections required by sub-
19 section (b) of this section or the report required by
20 section 240A(c) of the Foreign Assistance Act of
21 1961 (as in effect before the enactment of the Over-
22 seas Private Investment Corporation Amendments
23 Act of 1988).

24 (d) PROTECTION OF CERTAIN INFORMATION.—Sub-
25 section (b) does not require the inclusion in any informa-

1 tion submitted pursuant to that subsection of any infor-
2 mation which would not be required to be made available
3 to the public pursuant to section 552 of title 5, United
4 States Code (relating to freedom of information).

5 **SEC. 8547. DEFINITIONS.**

6 As used in chapter 1 of title V and this subchapter,
7 the following terms have the following meanings:

8 (1) BOARD.—The term “Board” means the
9 Board of Directors of the Overseas Private Invest-
10 ment Corporation.

11 (2) CORPORATION.—The term “Corporation”
12 means the Overseas Private Investment Corporation.

13 (3) ELIGIBLE INVESTOR.—(A) The term “eligi-
14 ble investor” means—

15 (i) a United States citizen;

16 (ii) a corporation, partnership, or other as-
17 sociation, including a nonprofit association,
18 which is created under the laws of the United
19 States, any State, the District of Columbia, or
20 any commonwealth, territory, or possession of
21 the United States, and which is substantially
22 beneficially owned by United States citizens;
23 and

24 (iii) a foreign corporation, partnership, or
25 other association which is wholly-owned by one

1 or more United States citizens or corporations,
2 partnerships, or other associations described in
3 clause (ii), except that the eligibility of any such
4 foreign corporation shall be determined without
5 regard to any shares held by other than United
6 States citizens or corporations, partnerships, or
7 other associations described in clause (ii) if, in
8 the aggregate, such shares equal less than 5
9 percent of the total issued and subscribed share
10 capital of such foreign corporation.

11 (B) For purposes of subparagraph (A)—

12 (i) in the case of insurance or a guarantee
13 for any loan investment, a final determination
14 of whether a person is an eligible investor may
15 be made at the time the insurance or guarantee
16 is issued; and

17 (ii) in the case of insurance or a guarantee
18 for any other investment, an investor must be
19 an eligible investor at the time a claim arises as
20 well as the time the insurance or guarantee is
21 issued.

22 (4) EXPROPRIATION.—The term “expropria-
23 tion” includes any abrogation, repudiation, or im-
24 pairment by a foreign government of its own con-
25 tract with an investor with respect to a project,

1 where such abrogation, repudiation, or impairment
2 is not caused by the investor's own fault or mis-
3 conduct, and materially adversely affects the contin-
4 ued operation of the project.

5 (5) INVESTMENT.—The term “investment” in-
6 cludes any contribution or commitment or funds,
7 commodities, services, patents, processes, or tech-
8 niques, in the form of—

9 (A) a loan or loans to an approved project,

10 (B) the purchase of a share of ownership
11 in any such project,

12 (C) participation in royalties, earning, or
13 profits of any such project, and

14 (D) the furnishing of commodities or serv-
15 ices pursuant to a lease or other contract.

16 (6) PREDECESSOR GUARANTEE AUTHORITY.—
17 The term “predecessor guarantee authority” means
18 prior guarantee authorities (other than housing
19 guarantee authorities) repealed by the Foreign As-
20 sistance Act of 1969, sections 202(b) and 413(b) of
21 the Mutual Security Act of 1954, and section
22 111(b)(3) of the Economic Cooperation Act of 1948
23 (exclusive of authority relating to informational
24 media guarantees).

4 (a) For purposes of this Act, the following terms have
5 the following meanings:

(2) COUNTRY—The term “country” includes
area.

(4) FUNCTION.—The term “function” includes any duty, obligation, power, authority, responsibility, right, privilege, discretion, or activity.

(5) GROSS VIOLATIONS OF INTERNATIONALLY RECOGNIZED HUMAN RIGHTS.—The term “gross violations of internationally recognized human rights” includes torture or cruel, inhuman, or degrading treatment or punishment, prolonged detention without charges and trial, causing the disappearance of persons by the abduction and clandestine detention

1 of those persons, and other flagrant denial of the
2 right to life, liberty, or the security of person.

3 (6) INCLUDES.—The term “includes” means in-
4 cludes but is not limited to.

5 (7) NOTWITHSTANDING.—The terms “notwith-
6 standing any other provision of law” and “notwith-
7 standing any provision of this or any other Act”
8 shall not apply to title 31, United States Code, the
9 Congressional Budget and Impoundment Control
10 Act of 1974, the Balanced Budget and Emergency
11 Deficit Control Act of 1985, and the Budget En-
12 forcement Act of 1990.

13 (8) OFFICER OR EMPLOYEE.—The term “offi-
14 cer or employee” means civilian personnel of the
15 United States Government and members of the
16 Armed Forces.

17 (9) NONNUCLEAR-WEAPON STATE.—The term
18 “nonnuclear-weapon state” means any country
19 which is not a nuclear-weapon state, as defined in
20 article IX(3) of the Treaty on the Non-Proliferation
21 of Nuclear Weapons.

22 (10) UNITED STATES.—The term “United
23 States”, when used in the geographic sense, includes
24 the Commonwealth of Puerto Rico, the Common-
25 wealth of the Northern Mariana Islands, Guam,

1 American Samoa, the Virgin Islands, and any other
2 territory or possession of the United States.

3 (11) MAJOR ILLICIT DRUG PRODUCING COUN-
4 TRY.—The term “major illicit drug producing coun-
5 try” means a country producing five metric tons or
6 more of opium or opium derivative during a fiscal
7 year or producing five hundred metric tons or more
8 of coca or marijuana (as the case may be) during a
9 fiscal year.

10 (12) MAJOR DRUG TRANSIT COUNTRY.—The
11 term “major drug transit country” means a coun-
12 try—

13 (A) that is a significant direct source of il-
14 licit narcotic or psychotropic drugs or other
15 controlled substances significantly affecting the
16 United States;

17 (B) through which are transported such
18 drugs or substances; or

19 (C) through which significant sums of
20 drug-related profits or monies are laundered
21 with the knowledge or complicity of the govern-
22 ment.

23 (13) NARCOTIC AND PSYCHOTROPIC DRUGS
24 AND OTHER CONTROLLED SUBSTANCES.—The term
25 “narcotic and psychotropic drugs and other con-

1 trolled substances” has the same meaning as is
2 given by any applicable international narcotics con-
3 trol agreement or domestic law of the country or
4 countries concerned.

5 (14) AGRICULTURE.—The term “agriculture”
6 includes aquaculture and fisheries.

7 (15) FARMERS.—The term “farmers” includes
8 fishermen and other persons employed in cultivating
9 and harvesting food resources from salt and fresh
10 waters.

11 (16) INSTITUTION OF HIGHER EDUCATION.—
12 The term “institution of higher education” has the
13 same meaning that term is given by section 1201(a)
14 of the Higher Education Act of 1965.

15 (17) ARMED FORCES.—The term “Armed
16 Forces” means the Army, Navy, Air Force, Marine
17 Corps, and Coast Guard of the United States.

18 (18) DEFENSE ARTICLE AND RELATED
19 TERMS.—The terms “defense article”, “significant
20 military equipment”, and “major defense equip-
21 ment” shall have the same meaning as in the Arms
22 Export Control Act. The term “defense service” in-
23 cludes any service (including education and train-
24 ing), test, inspection, repair, publication, or technical
25 or other assistance or defense information used for

1 the purpose of furnishing assistance administered
2 through the Department of Defense under this Act.

3 (19) EXCESS DEFENSE ARTICLES.—The term
4 “excess defense articles” means the quantity of de-
5 fense articles owned by the United States Govern-
6 ment, and not procured in anticipation of defense
7 assistance or sales requirements, or pursuant to a
8 defense assistance or sales order, which is in excess
9 of the Approved Acquisition Objective of all Depart-
10 ment of Defense Components at the time such arti-
11 cles are dropped from inventory by the supplying
12 agency for delivery to countries or international or-
13 ganizations under this Act.

14 (20) VALUE.—The term “value” means—

15 (A) with respect to an excess defense arti-
16 cle, the actual value of the article plus the gross
17 cost incurred by the United States Government
18 in repairing, rehabilitating, or modifying the ar-
19 ticle, except that for purposes of section
20 8201(c) such actual value shall not be taken
21 into account;

22 (B) with respect to a nonexcess defense ar-
23 ticle delivered from inventory to a foreign coun-
24 try or international organization under this Act,
25 the acquisition cost to the United States Gov-

ernment, adjusted as appropriate for condition and market value; or

(C) with respect to a nonexcess defense article delivered from new procurement to a foreign country or international organization under this Act, the contract or production costs of such article.

(21) ASSISTANCE ADMINISTERED THROUGH THE DEPARTMENT OF DEFENSE.—The term “assistance administered through the Department of Defense” means—

(A) the financing (including the guarantee of financing) of sales of defense articles (including excess defense articles) and defense services (including education and training) made or licensed pursuant to sections 21, 22, 29, and 38 of the Arms Export Control Act and the lease of defense articles made pursuant to chapter 6 of that Act;

(B) the provision of education or training through the Department of Defense under this Act;

(C) the provision of excess defense articles through the Department of Defense under section 8405 of this Act; or

1 (D) the provision of assistance through the
2 Department of Defense under sections 3103,
3 3204, 7111 and 7115(b) of this Act.

4 **SEC. 8552. ACTIVITIES UNDER OTHER LAWS NOT AF-**
5 **FECTED.**

6 Unless expressly provided to the contrary, provisions
7 of this Act and other provisions of law applicable to for-
8 eign assistance shall not be construed to prohibit (or, with
9 respect to the Export-Import Bank of the United States,
10 apply to) activities authorized by or conducted under the
11 Peace Corps Act, the United States Information and Edu-
12 cational Exchange Act of 1948, the Mutual Educational
13 and Cultural Exchange Act of 1961, the Export-Import
14 Bank Act of 1945, the Agricultural Act of 1949, the Agri-
15 cultural Trade Development and Assistance Act of 1954,
16 the Food for Progress Act of 1985, the Inter-American
17 Foundation Act, the African Development Foundation
18 Act, commercial export promotion activities of the Depart-
19 ment of Agriculture (including the Commodity Credit Cor-
20 poration), or to programs for which funds are made avail-
21 able outside Budget Function 150.

1 **TITLE IX—TECHNICAL AND CONFORMING**
2 **PROVISIONS**

3 **SEC. 9101. EFFECTIVE DATE.**

4 Except as otherwise provided in this Act, the provi-
5 sions of this Act shall take effect on October 1, 1994.

6 **SEC. 9102. SAVINGS PROVISIONS.**

7 (a) IN GENERAL.—(1) Except as may be expressly
8 provided to the contrary in this Act, all determinations,
9 authorizations, regulations, orders, contracts, agreements,
10 and other actions issued, undertaken, or entered into
11 under authority of any provision of law repealed by this
12 Act shall continue in full force and effect until modified
13 by appropriate authority.

14 (2) Wherever provisions of this Act establish condi-
15 tions which must be complied with before use may be
16 made of authority contained in, or funds made available
17 to carry out the provisions of this Act, compliance with,
18 or satisfaction of, substantially similar conditions under
19 provisions repealed by this Act shall be deemed to con-
20 stitute compliance with the conditions established by this
21 Act.

22 (3) Funds made available pursuant to provisions of
23 law repealed by this Act shall, unless otherwise authorized
24 or provided by law, remain available for their original pur-
25 poses in accordance with the provisions of law originally

1 applicable thereto, or in accordance with the provisions of
2 law currently applicable to those purposes.

3 (4) References in law to provisions repealed by this
4 Act may hereafter be deemed to be references to cor-
5 responding provisions of this Act, on a case-by-case basis
6 as may be appropriate.

7 (b) CERTAIN PRESIDENTIAL APPOINTEES.—The re-
8 peal by this Act of any provision of the Foreign Assistance
9 Act of 1961 providing for the appointment of an individual
10 to a position by the President, by and with the advice and
11 consent of the Senate, and the reenactment by this Act
12 of that provision in substantively identical form does not
13 require the reappointment of the individual holding that
14 position on the effective date specified in section 9101.

15 (c) SECTION 124(c) AUTHORITY.—Section 124(c) of
16 the Foreign Assistance Act of 1961, as in effect before
17 the effective date specified in section 9101 of this Act,
18 shall be deemed to remain in effect on and after that date.
19 For purposes of this section, references in section 124(c)
20 to sections 101 and 102 of the Foreign Assistance Act
21 of 1961 shall be deemed to be references to sections 1101
22 and 1102 of this Act, respectively.

23 (d) GUARANTEES AND LOANS UNDER FORMER AU-
24 THORITY.—Guarantees committed or outstanding under
25 the former authorities of sections 108, 222, and 222A of

1 the Foreign Assistance Act of 1961, as in effect before
2 the effective date specified in section 9101 of this Act,
3 loans obligated under section 108 on or before such date,
4 the fees and interest collected in connection with such
5 guarantees and loans, and income on claims receivable
6 with respect to such guarantees and loans, shall continue
7 to be subject to provisions of such Act originally applicable
8 to those guarantees and loans and the Federal Credit Re-
9 form Act of 1990.

10 **SEC. 9103. MISCELLANEOUS PROVISIONS.**

11 (a) FEDERAL ACT OF STATE DOCTRINE.—

12 (1) IN GENERAL.—Notwithstanding any other
13 provision of law, no court in the United States shall
14 decline on the ground of the federal act of state doc-
15 trine to make a determination on the merits giving
16 effect to the principles of international law in a case
17 in which claim of title or other right to property is
18 asserted by any party, including a foreign state (or
19 a party claiming through such state), based upon (or
20 traced through) a confiscation or other taking after
21 January 1, 1959, by an act of that state in violation
22 of the principles of international law, including the
23 principles of compensation and the other standards
24 set out in section 620(e)(1) of the Foreign Assist-

1 ance Act of 1961 as in effect before the effective
2 date of this section.

3 (2) EXCEPTIONS.—This subsection shall not be
4 applicable—

5 (A) in any case in which an act of a for-
6 eign state is not contrary to international law
7 or with respect to a claim of title or other right
8 to property acquired pursuant to an irrevocable
9 letter of credit of not more than 180 days dura-
10 tion issued in good faith prior to the time of the
11 confiscation or other taking; or

12 (B) in any case with respect to which the
13 President determines that application of the act
14 of state doctrine is required in that particular
15 case by the foreign policy interests of the Unit-
16 ed States and a suggestion to this effect is filed
17 on his behalf in that case with the court.

18 (b) ACCOUNTING AND VALUATION OF FOREIGN CUR-
19 RENCIES.—

20 (1) Under the direction of the President, the
21 Secretary of the Treasury shall have responsibility
22 for valuation and central accounting with respect to
23 foreign credits (including currencies) owed to or
24 owned by the United States. In order to carry out
25 such responsibility, the Secretary shall issue regula-

1 tions binding upon all agencies of the United States
2 Government.

3 (2) The Secretary of the Treasury shall have
4 sole authority to establish for all foreign currencies
5 or credits the exchange rates at which such cur-
6 rencies are to be reported by all agencies of the Gov-
7 ernment.

8 (c) VALUATION OF EXPROPRIATED PROPERTY.—

9 (1) VALUATION.—If the President requests
10 such an evaluation, the Foreign Claims Settlement
11 Commission is authorized to evaluate the value of
12 the property which is the subject of an action de-
13 scribed in section 7201(a) (3) of this Act and render
14 an advisory report with respect to the value of such
15 property to the President.

16 (2) DEFINITION OF UNITED STATES PERSON.—
17 For purposes of section (a)(3), the term ‘United
18 States person’ means a United States citizen or a
19 corporation, partnership, or association at least 50
20 percent beneficially owned by United States citizens.

21 (d) PARTICIPATION IN FOREIGN POLICE ACTIONS.—

22 (1) PROHIBITION ON EFFECTING AN ARREST.—
23 No officer or employee of the United States may di-
24 rectly effect an arrest in any foreign country as part
25 of any foreign police action with respect to narcotics

1 control efforts, notwithstanding any other provision
2 of law.

3 (2) EXCEPTIONS.—Paragraph (1) does not pro-
4 hibit an officer or employee of the United States—

5 (A) with the approval of the United States
6 chief of mission, from being present when for-
7 eign officers are effecting an arrest or from as-
8 sisting foreign officers who are effecting an ar-
9 rest.

10 (B) from taking direct action to protect
11 life or safety if exigent circumstances arise
12 which are unanticipated and which pose an im-
13 mediate threat to United States officers or em-
14 ployees, officers or employees of a foreign gov-
15 ernment, or members of the public.

16 (3) MARITIME LAW ENFORCEMENT.—With the
17 agreement of a foreign country, paragraph (1) does
18 not apply with respect to maritime law enforcement
19 operations in the territorial sea of that country.

20 (4) INTERROGATIONS.—No officer or employee
21 of the United States may interrogate or be present
22 during the interrogation of any United States person
23 arrested in any foreign country with respect to nar-
24 cotics control efforts without the written consent of
25 such person.

1 (5) EXCEPTION FOR STATUS OF FORCES AR-
2 RANGEMENTS.—This section does not apply to the
3 activities of the United States Armed Forces in car-
4 rying out their responsibilities under applicable Sta-
5 tus of Forces arrangements.

6 (6) DEFINITION.—For purposes of this sub-
7 section, the term ‘legal and law enforcement meas-
8 ures’ means—

9 (A) the enactment and implementation of
10 laws and regulations or the implementation of
11 existing laws and regulations to provide for the
12 progressive control, reduction, and gradual
13 elimination of the illicit cultivation, production,
14 processing, transportation, and distribution of
15 narcotic drugs and other controlled substances;
16 and

17 (B) the effective organization, staffing,
18 equipping, funding, and activation of those gov-
19 ernmental authorities responsible for narcotics
20 control.

21 **SEC. 9104. CONFORMING AND OTHER AMENDMENTS.**

22 (a) TITLE 5, UNITED STATES CODE.—Subchapter II
23 of chapter 53 of title 5, United States Code, is amended—

1 (1) in section 5314, by striking out “Director,
2 Institute for Scientific and Technological Coopera-
3 tion.”;

4 (2) in section 5315, by striking out “Deputy
5 Director, Institute for Scientific and Technological
6 Cooperation.”; and

7 (3) in section 5316, by striking out “Additional
8 officers, Institute for Scientific and Technological
9 Cooperation (2).”.

10 (b) TITLE 15, UNITED STATES CODE.—Section
11 638(e)(1) of title 15, United States Code is amended by
12 striking out “for the Agency” through “countries” and in-
13 serting in lieu thereof “the provisions of this section shall
14 not be applicable to the programs administered by the
15 United States Agency for International Development”.

16 (c) ARMS EXPORT CONTROL ACT.—The Arms Ex-
17 port Control Act is amended as follows:

18 (1) Section 2(b) is amended by striking out—

19 (A) “or financing for” in paragraph (1);

20 (B) “financing,” both other places it ap-
21 pears.

22 (2) Section 3(c) is amended—

23 (A) in paragraph (1), by striking out

24 “(1)(A) No” and all that follows through “(B)

1 No cash” and inserting in lieu thereof “(1)
2 No”;

3 (B) in paragraph (1), as amended by sub-
4 paragraph (A), by striking out “under this Act,
5 or any predecessor Act,” and inserting in lieu
6 thereof “, through sale, financing or otherwise,
7 under this Act or the Peace, Prosperity, and
8 Democracy Act of 1994 (or under any prede-
9 cessor military sales or foreign assistance legis-
10 lation)”;

11 (C) in paragraph (3)(A), by striking out
12 “subparagraph (A)” and all that follows
13 through “such paragraphs,” and inserting in
14 lieu thereof “paragraph (1)”; and

15 (D) in paragraph (3)(B), by striking out
16 “subparagraph (B) of”.

17 (3) Section 3 is amended—

18 (A) in subsection (d), by striking out “sec-
19 tion 505(a)(1) or 505(a)(4) of the Foreign As-
20 sistance Act of 1961” and inserting in lieu
21 thereof “section 8212(a)(1) of the Peace, Pros-
22 perity, and Democracy Act of 1994”; and

23 (B) in subsection (e), by striking out “sec-
24 tion 505 of the Foreign Assistance Act of
25 1961” and inserting in lieu thereof “section

1 8212(a)(1) of the Peace, Prosperity, and De-
2 mocracy Act of 1994”.

3 (4) Section 4 is amended by inserting after
4 “such friendly countries” “or, if financed with as-
5 sistance furnished under the Peace, Prosperity, and
6 Democracy Act of 1994, for such other purposes as
7 are provided for under that Act”.

8 (5) Section 5(a) is amended by striking out “,
9 and no credits (including participations in credits) or
10 guaranties extended to or for” and inserting in lieu
11 thereof “to”.

12 (6) Section 6 is amended—

13 (A) by striking out “, no credits or guaran-
14 tees may be extended,”; and

15 (B) by inserting “and no assistance admin-
16 istered through the Department of Defense may
17 be furnished under the Peace, Prosperity, and
18 Democracy Act of 1994” after “this Act”.

19 (7) Section 21 is amended—

20 (A) by amending (a)(1)(c) to read as fol-
21 lows, “in the case of the sale of a defense serv-
22 ice, the full cost to the United States Govern-
23 ment of furnishing such service, except that in
24 the case of training sold to a purchaser that is
25 concurrently receiving assistance under the

1 Peace, Prosperity, and Democracy Act of 1994
2 or is separately justified for the fiscal year in
3 which the associated letter of offer is issued,
4 only those additional costs that are incurred by
5 the United States in furnishing such training”;

6 (B) by amending subsection (c)(1) to read
7 as follows:

8 “(A) Members of the Armed Forces as-
9 signed or detailed to provide defense services
10 under this Act may not perform duties of a
11 combatant nature, including any duty related to
12 training and advising that may engage United
13 States Armed Forces personnel in combat ac-
14 tivities, outside the United States in connection
15 with the performance of those defense services.

16 “(B) Subparagraph (A) shall not apply if
17 the President determines, and reports to the
18 Congress, that its application would not be in
19 the national interest of the United States.”; and

20 (C) in subsection (e)—

21 (i) by deleting subparagraph (1)(B);

22 (ii) by deleting “(C)” in subparagraph
23 (1)(c) and inserting in lieu thereof “(D)”;

24 (iii) by deleting paragraph (2); and

1 (iv) by deleting “(3)” and inserting in
2 lieu thereof “(2)”.

3 (8) Section 23 is repealed.

4 (9) Section 24 is amended—

5 (A) by amending this section caption to
6 read “Provisions Relating to Former Credit and
7 Guaranty Authorities”;

8 (B) in subsection (a), by striking out
9 “The” in the first sentence and inserting in lieu
10 thereof “To the extent necessary to carry out
11 the provisions under the heading “Foreign Mili-
12 tary Sales Debt Reform” in title III of the For-
13 eign Operations, Export Financing, and Related
14 Programs Appropriations Act, 1988 (as con-
15 tained in section 101(e) of Public Law 100-
16 202), the”;

17 (C) in subsection (b) by inserting “before
18 the effective date of the Peace, Prosperity, and
19 Democracy Act of 1994” after “section 23”;
20 and

21 (D) by striking out subsection (c) and in-
22 serting in lieu thereof the following:

23 “(c) The single reserve established under this section
24 for the payment of claims under guarantees issued under

1 the authority of this section may be referred to as the
2 ‘Foreign Military Loan Liquidating Account’.

3 “(d) Any guarantees issued under the authority of
4 this section are backed by the full faith and credit of the
5 United States.”.

6 (10) Section 25(a) is amended—

7 (A) in paragraph (5)(A) by striking out
8 “military education” and all that follows
9 through “guarantees,” and inserting in lieu
10 thereof “and assistance administered through
11 the Department of Defense under the Peace,
12 Prosperity, and Democracy Act of 1994,”;

13 (B) in paragraph (5)(B) by striking out
14 “credits or guaranties under this Act” and in-
15 serting in lieu thereof “assistance administered
16 through the Department of Defense under the
17 Peace, Prosperity, and Democracy Act of
18 1994”; and

19 (C) in paragraph (11) by inserting before
20 the semicolon at the end of the paragraph the
21 following:

22 “, and the status of each provision of assistance ad-
23 ministered through the Department of Defense for
24 the procurement of defense articles or defense serv-
25 ices under the Peace, Prosperity, and Democracy

1 Act of 1994 with respect to which there remains
2 outstanding any unpaid obligation or potential liability”.
3

4 (11) Section 25(d), as added by 112(b) of the
5 International Security and Development Cooperation
6 Act of 1985, is amended by striking out “under this
7 Act or under section 503(a)(3) of the Foreign As-
8 sistance Act of 1961” and inserting in lieu thereof
9 “with assistance administered through the Depart-
10 ment of Defense under the Peace, Prosperity, and
11 Democracy Act of 1994”.

12 (12) Section 31 is amended—

13 (A) by striking out “Authorization and Ag-
14 gregate Ceiling on Foreign Military Sales Cred-
15 its.” and all that follows through “(d)” and in-
16 serting in lieu thereof “Aggregate Costs”; and

17 (B) by striking out “of chapter 2 of part
18 II of the Foreign Assistance Act of 1961” and
19 inserting in lieu thereof “the Peace, Prosperity,
20 and Democracy Act of 1994”.

21 (13) Section 36(a) is amended—

22 (A) in paragraph (7), by striking out
23 “under chapters 2, 5, 6 or 8 of part II of the
24 Foreign Assistance Act of 1961” and inserting
25 in lieu thereof “assistance administered through

1 the Department of Defense under the Peace,
2 Prosperity, and Democracy Act of 1994”; and

3 (B) in paragraph (10), by striking out
4 “section 505(a)(1)(B) of the Foreign Assistance
5 Act of 1961” and inserting in lieu thereof “sec-
6 tions 8212 and 8213 of the Peace, Prosperity,
7 and Democracy Act of 1994”.

8 (14) Section 37 is amended—

9 (A) in the section caption by striking out
10 “Relating to Foreign Military Sales Credits”;

11 (B) in subsection (a), by striking out “sec-
12 tion 23” and inserting in lieu thereof “the
13 former authority of section 23 or under the au-
14 thority of the Peace, Prosperity, and Democ-
15 racy Act of 1994”; and

16 (C) in subsection (b), by inserting “the
17 former authority of” after “extended pursuant
18 to”.

19 (15) Section 42 is amended—

20 (A) in subsection (a) by striking out “, but
21 subject to subsection (b) of this section,” in the
22 first sentence and inserting in lieu thereof “;”;

23 (B) in subsection (b), by striking out “No
24 credit sale shall be extended under section 23,
25 and no guarantee shall be issued under section

1 24” and inserting in lieu thereof “No assistance
2 shall be furnished under the Peace, Prosperity,
3 and Democracy Act of 1994 to be administered
4 through the Department of Defense for the fi-
5 nancing of sales of defense articles or services”;
6 and

7 (C) in subsection (d)(1), by striking out
8 “and guaranties under sections 21, 22, 23, 24,”
9 and inserting in lieu thereof “under sections 21,
10 22,”.

11 (16) Section 47(1) is amended by deleting “sec-
12 tion 644(g) of the Foreign Assistance Act of 1991”
13 and inserting in lieu thereof, “section 8551(19) of
14 the Peace, Prosperity, and Democracy Act of 1994”.

15 (d) UNITED STATES AGENCY FOR INTERNATIONAL
16 DEVELOPMENT.—References in any Act to the “Agency
17 for International Development” shall be deemed to be a
18 reference to the United States Agency for International
19 Development.

20 **SEC. 9105. TRANSITION RULES AND MILITARY ASSISTANCE.**

21 (a) DISPOSITION OF CERTAIN PREVIOUSLY PRO-
22 VIDED MILITARY EQUIPMENT.—The President may waive
23 requirements imposed pursuant to sections 505(a)(4) and
24 (f) of the Foreign Assistance Act of 1961, as in effect be-
25 fore the effective date of this title, with respect to defense

1 articles or related training or other defense services fur-
2 nished before that date.

3 (b) COMMITMENT OF PRIOR YEAR MILITARY ASSIST-
4 ANCE.—If the President at any time notifies Congress
5 that no further sales will be made pursuant to the Arms
6 Export Control Act after the date of such notification to
7 a specified country under circumstances then prevailing,
8 any uncommitted funds allocated for such country that
9 were transferred under the authority of section 8202(g)(6)
10 of this Act, the former authority of section 23 of the Arms
11 Export Control Act, and the former authority of section
12 503(a)(3) of the Foreign Assistance Act of 1961 for the
13 purpose of financing such sales may be committed to fi-
14 nance such sales to other eligible countries subject to ad-
15 vance notification to the Committees on Appropriations
16 and Foreign Relations of the Senate and the Committees
17 on Appropriations and Foreign Affairs of the House of
18 Representatives.

19 (c) SALES.—Sales Under the Arms Export Control
20 Act which are wholly paid from funds that, prior to the
21 effective date of this Act, were transferred under the
22 former authority of section 503(a)(3) of the Foreign As-
23 sistance Act of 1961 or were made available on a
24 nonrepayable or grant basis under section 23 of the Arms

1 Export Control Act, shall be priced on the same basis as
2 described in section 8201(d).

3 **SEC. 9106. REPEAL OF OBSOLETE PROVISIONS.**

4 (a) 1992 JOBS THROUGH EXPORT ACT.—Title III
5 of the Jobs Through Exports Act of 1992 is repealed.

6 (b) 1988 OPIC ACT.—The Overseas Private Invest-
7 ment Corporation Amendments Act of 1988 (as enacted
8 by reference by section 555 of the Foreign Operations, Ex-
9 port Financing, and Related Programs Appropriations
10 Act, 1989) is repealed.

11 (c) 1988 INTERNATIONAL NARCOTICS CONTROL
12 ACT.—The International Narcotics Control Act of 1988
13 is repealed.

14 (d) 1988 FOREIGN OPERATIONS APPROPRIATIONS
15 ACT.—Section 537(h)(2) of the Foreign Operations, Ex-
16 port Financing, and Related Programs Appropriations
17 Act, 1988, as included in Public Law 100–202, is
18 repealed.

19 (e) NARCOTICS CONTROL TRADE ACT.—Section
20 802(e) and 804 of the Narcotics Control Trade Act (which
21 is title VIII of the Trade Act of 1974) are repealed.

22 (f) 1987 FOREIGN ASSISTANCE APPROPRIATIONS
23 ACT.—Section 539(g)(2) of the Foreign Assistance and
24 Related Programs Appropriations Act, 1987, as included
25 in Public Law 99–591, is repealed.

1 (g) 1986 DRUG ACT.—The International Narcotics
2 Control Act of 1986 (which is title II of the Anti-Drug
3 Abuse Act of 1986) is repealed.

4 (h) 1986 ASSISTANCE ACT.—The Special Foreign
5 Assistance Act of 1986 is repealed except for section 1
6 and section 204.

7 (i) 1986 ANGLO-IRISH AGREEMENT SUPPORT ACT.—
8 Section 6 of the Anglo-Irish Agreement Support Act of
9 1986 is repealed.

10 (j) 1985 ASSISTANCE ACT.—The International Secu-
11 rity and Development Cooperation Act of 1985 is repealed
12 except for section 1, section 131, section 132, section 504,
13 section 505, part B of title V (other than section 558 and
14 section 559), section 1302, section 1303, and section
15 1304.

16 (k) 1985 JORDAN SUPPLEMENTAL ACT.—The Jor-
17 dan Supplemental Economic Assistance Authorization Act
18 of 1985 is repealed.

19 (l) 1985 AFRICAN FAMINE ACT.—The African Fam-
20 ine Relief and Recovery Act of 1985 is repealed.

21 (m) 1983 ASSISTANCE ACT.—The International Se-
22 curity and Development Assistance Authorization Act of
23 1983 is repealed.

24 (n) 1983 LEBANON ASSISTANCE ACT.—The Lebanon
25 Emergency Assistance Act of 1983 is repealed.

1 (o) 1981 ASSISTANCE ACT.—The International Secu-
2 rity and Development Cooperation Act of 1981 is repealed
3 except for section 1, section 709, and section 714.

4 (p) 1981 OPIC AMENDMENTS ACT.—The OPIC
5 Amendments Act of 1981 is repealed.

6 (q) 1980 ASSISTANCE ACT.—The International Secu-
7 rity and Development Cooperation Act of 1980 is repealed
8 except for section 1, section 110, section 315, and title
9 V.

10 (r) 1979 DEVELOPMENT ASSISTANCE ACT.—The
11 International Development Cooperation Act of 1979 is
12 repealed.

13 (s) 1979 SECURITY ASSISTANCE ACT.—The Inter-
14 national Security Assistance Act of 1979 is repealed.

15 (t) 1979 SPECIAL SECURITY ASSISTANCE ACT.—The
16 Special International Security Assistance Act of 1979 is
17 repealed.

18 (u) 1978 DEVELOPMENT ASSISTANCE ACT.—The
19 International Development and Food Assistance Act of
20 1978 is repealed, except for section 1, title IV, and section
21 603(a)(2).

22 (v) 1978 SECURITY ASSISTANCE ACT.—The Inter-
23 national Security Assistance Act of 1978 is repealed.

24 (w) 1977 DEVELOPMENT ASSISTANCE ACT.—The
25 International Development and Food Assistance Act of

1 1977 is repealed, except for section 1, section 132(b), and
2 section 133.

3 (x) 1977 SECURITY ASSISTANCE ACT.—The Inter-
4 national Security Assistance Act of 1977 is repealed.

5 (y) 1976 SECURITY ASSISTANCE ACT.—The Inter-
6 national Security Assistance and Arms Export Control Act
7 is repealed, except for section 1, section 201(b), section
8 212(b), section 601, and section 608.

9 (z) 1975 DEVELOPMENT ASSISTANCE ACT.—The
10 International Development and Food Assistance Act of
11 1975 is repealed.

12 (aa) 1975 BIB ACT.—Public Law 94–104 is re-
13 pealed.

14 (bb) 1974 ASSISTANCE ACT.—The Foreign Assist-
15 ance Act of 1974 is repealed.

16 (cc) 1973 EMERGENCY ASSISTANCE ACT.—The
17 Emergency Security Assistance Act of 1973 is repealed.

18 (dd) 1973 ASSISTANCE ACT.—The Foreign Assist-
19 ance Act of 1973 is repealed.

20 (ee) 1973 DEPARTMENT OF STATE APPROPRIATIONS
21 AUTHORIZATION ACT.—Section 13 of the Department of
22 State Appropriations Authorization Act of 1973 is re-
23 pealed.

24 (ff) 1971 ASSISTANCE ACT.—The Foreign Assistance
25 Act of 1971 is repealed.

1 (gg) 1971 SPECIAL ASSISTANCE ACT.—The Special
2 Foreign Assistance Act of 1971 is repealed.

3 (hh) 1971 FMS ACT.—The Act entitled “An Act to
4 amend the Foreign Military Sales Act, and for other pur-
5 poses”, approved January 12, 1971 (Public Law 91–672),
6 is repealed.

7 (ii) 1969 ASSISTANCE ACT.—The Foreign Assistance
8 Act of 1969 is repealed, except for the first section and
9 part IV.

10 (jj) 1968 ASSISTANCE ACT.—The Foreign Assistance
11 Act of 1968 is repealed.

12 (kk) 1964 ASSISTANCE ACT.—The Foreign Assist-
13 ance Act of 1964 is repealed.

14 (ll) FOREIGN ASSISTANCE ACT OF 1961.—The For-
15 eign Assistance Act of 1961, as amended, is repealed ex-
16 cept for the first section, section 226, chapter 11 of part
17 I, and part IV.

18 (mm) LATIN AMERICAN DEVELOPMENT ACT.—The
19 Latin American Development Act is repealed.

20 (nn) 1959 MUTUAL SECURITY ACT.—The Mutual
21 Security Act of 1959 is repealed.

22 (oo) 1954 MUTUAL SECURITY ACT.—Section 402
23 and section 417 of the Mutual Security Act of 1954 are
24 repealed.

1 (pp) 1979 REORGANIZATION PLAN.—Reorganization
2 Plan No. 2 of 1979 is repealed.

3 (qq) FREEDOM SUPPORT ACT.—Section 907 of the
4 FREEDOM Support Act is repealed.

5 (rr) MIGRATION AND REFUGEE ASSISTANCE ACT.—
6 The Migration and Refugee Assistance Act of 1962 is re-
7 pealed.

8 (ss) 1982–3 STATE AUTHORIZATION ACT.—Section
9 109 of the Department of State Authorization Act, Fiscal
10 Years 1982 and 1983, is repealed.

11 (tt) 1984–5 DEPARTMENT OF STATE AUTHORIZA-
12 TION ACT.—Sections 1004 and 1005(a) of the Depart-
13 ment of State Authorization Act, Fiscal Years 1984 and
14 1985, are repealed.

15 (uu) SAVINGS PROVISION.—Except as otherwise pro-
16 vided in this Act, the repeal by this Act of any provision
17 of law that amended or repealed another provision of law
18 does not affect in any way that amendment or repeal.

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