

116TH CONGRESS
1ST SESSION

S. 1727

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

IN THE SENATE OF THE UNITED STATES

JUNE 5, 2019

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

A BILL

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

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

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Partnership Fund for
3 Peace Act of 2019”.

4 **SEC. 2. FINDINGS.**

5 Congress finds the following:

6 (1) Economic development in conflict settings
7 has been shown to support stabilization by empow-
8 ering entrepreneurs, growing the middle class, and
9 mitigating unemployment.

10 (2) In 2018, unemployment in the Palestinian
11 territories was 32.4 percent, reaching 53.7 percent
12 in Gaza and 18 percent in the West Bank. GDP
13 growth in the Palestinian territories declined from
14 2.7 percent in 2017 to 2 percent in 2018, and it is
15 projected to further decline to between 1.7 and 1.9
16 percent in 2019 and 2020.

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

21 (4) Although economic development is an im-
22 portant tool for stabilizing conflict-prone settings
23 and establishing connections between communities,
24 economic development by itself will not lead to last-
25 ing peace. People-to-people peacebuilding programs
26 further advance reconciliation efforts by promoting

1 greater understanding, mutual trust, and coopera-
2 tion between communities.

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

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

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

17 **SEC. 3. SENSE OF CONGRESS.**

18 It is the sense of Congress that—

19 (1) building a viable Palestinian economy is
20 central to the effort to preserve the possibility of a
21 2-state solution;

22 (2) strengthening engagement between the Pal-
23 estinian territories, the United States and Israel in
24 the areas of economic development and people-to-
25 people peacebuilding programs will—

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

5 (B) advance the state of research and de-
 6 velopment in multiple sectors to the benefit of
 7 all parties;

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

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

17 **SEC. 4. PARTNERSHIP FUND FOR PEACE.**

18 (a) ESTABLISHMENT.—

19 (1) IN GENERAL.—The Administrator of the
 20 United States Agency for International Develop-
 21 ment, in consultation with the Secretary of State
 22 and the Secretary of the Treasury, shall establish
 23 the Partnership Fund for Peace (referred to in this
 24 section as the “Fund”), which—

1 (A) shall be funded with amounts appro-
2 priated pursuant to section 5; and

3 (B) managed by the Administrator of the
4 United States Agency for International Devel-
5 opment.

6 (2) CONTRIBUTIONS.—The Administrator of
7 the United States Agency for International Develop-
8 ment, in consultation with the Secretary of State
9 and the Secretary of the Treasury, shall seek addi-
10 tional contributions for the Fund from the inter-
11 national community, including countries in the Mid-
12 dle East and Europe.

13 (b) GOVERNANCE.—

14 (1) BOARD OF GOVERNORS.—

15 (A) APPOINTMENT.—Except as provided in
16 subparagraph (D), the Fund shall be governed
17 by a Board of Governors, which shall be com-
18 posed of 5 private, United States citizens or
19 legal permanent residents, who shall be ap-
20 pointed by the Administrator of the United
21 States Agency for International Development,
22 in consultation with the Secretary of State, the
23 Speaker of the House of Representatives, the
24 minority leader of the House of Representa-

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

(B) QUALIFICATIONS.—

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

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

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

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

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

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

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

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

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

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

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

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

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

1 (E) TECHNICAL BOARDS.—

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

4 (I) a Business and Economic De-
5 velopment Technical Board; and

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

8 (ii) APPOINTMENTS.—Members of the
9 technical boards established pursuant to
10 clause (i) shall be appointed by the Admin-
11 istrator of the United States Agency for
12 International Development.

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

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

18 (II) may recommend investments
19 of Fund assets greater than
20 \$250,000, which shall be subject to
21 the approval of the Board of Gov-
22 ernors.

23 (iv) STAFF.—Each technical board es-
24 tablished pursuant to clause (i) shall con-
25 sist of a Secretariat, which shall be staffed

1 by individuals with demonstrated experi-
2 ence and expertise relevant to the technical
3 board on which they sit.

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

5 (1) to promote the private sector in the Pales-
6 tinian territories through facilitating and financing
7 between small- and medium-sized Palestinian entre-
8 preneurs and companies and those in the United
9 States, Israel, and other countries to improve the
10 Palestinian private sector through economic coopera-
11 tion in research and development;

12 (2) to improve the quality of life, stimulate the
13 economy, and advance security by creating private
14 sector jobs for Palestinians in the Palestinian terri-
15 tories and furthering the development of a Pales-
16 tinian middle class; and

17 (3) to further shared community building,
18 peaceful coexistence, dialogue, and reconciliation be-
19 tween Israelis and Palestinians by financing people-
20 to-people peacebuilding programs.

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

23 (1) to carry out the purposes set forth in sub-
24 section (c); and

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

3 (e) ECONOMIC PARTNERSHIPS.—

4 (1) IN GENERAL.—All economic partnerships
5 requesting support from the Fund shall include a
6 Palestinian entrepreneur or company in the Pales-
7 tinian territories and an entrepreneur or company
8 from the United States or Israel.

9 (2) TRIPARTITE AGREEMENTS.—If an entre-
10 preneur or company outside of the United States or
11 Israel desires to partner with a Palestinian entre-
12 preneur or company, a tripartite agreement shall be
13 established that includes an entrepreneur or com-
14 pany from the United States or Israel.

15 (3) PRIORITY.—The Board of Governors and
16 the technical boards established pursuant to sub-
17 section (b)(1)(E)(i) should prioritize partnerships
18 between Israeli and Palestinian entrepreneurs and
19 companies.

20 (4) FUNDING REQUIREMENT.—During each fis-
21 cal year, not less than 25 percent of the funding al-
22 located from the Fund for economic partnerships
23 shall be awarded to partnerships that include—

24 (A) Palestinian entrepreneurs or compa-
25 nies based in the Palestinian territories; and

1 (B) Israeli entrepreneurs or companies
2 based in Israel.

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

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

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

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

19 (h) LIMITATIONS, VETTING, AND OVERSIGHT.—

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

22 (A) financial assistance to national govern-
23 ments;

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

1 Agency for International Development, in con-
2 sultation with the heads of other relevant Fed-
3 eral agencies, determines to be—

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

6 (ii) a member of a foreign terrorist or-
7 ganization (as designated pursuant to sec-
8 tion 219 of the Immigration and Nation-
9 ality Act (8 U.S.C. 1189)); or

10 (C) assistance for the Palestinian Author-
11 ity, Hamas, or the Palestine Liberation Organi-
12 zation.

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

17 (3) COMPLIANCE WITH MISSION DIRECTIVES.—
18 All expenditures from the Fund shall follow the mis-
19 sion directives applicable to the West Bank and
20 Gaza that have been issued by United States Agency
21 for International Development Mission Director or
22 Contracting Officer.

23 (4) USAID INSPECTOR GENERAL.—All oper-
24 ations and expenditures of the Fund shall be subject
25 to audits, investigations, and inspections conducted

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

3 (5) GAO.—All operations and expenditures of
4 the Fund shall be subject to assessment by the Gov-
5 ernment Accountability Office.

6 (i) ANNUAL REPORT.—

7 (1) IN GENERAL.—Not later than 90 days after
8 the end of the fiscal year during which the Fund is
9 established and annually thereafter, the Adminis-
10 trator of the United States Agency for International
11 Development shall submit a written report to the
12 Committee on Foreign Relations of the Senate, the
13 Committee on Appropriations of the Senate, the
14 Committee on Foreign Affairs of the House of Rep-
15 resentatives, and the Committee on Appropriations
16 of the House of Representatives that describes the
17 extent to which the Fund, and United States con-
18 tributions to the Fund, have contributed—

19 (A) to promoting and supporting joint eco-
20 nomic development;

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

23 (C) to furthering contact, cooperation, dia-
24 logue, and reconciliation between Israelis and
25 Palestinians.

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

3 (A) information regarding—

4 (i) contributions pledged to, contribu-
5 tions (including donations from the private
6 sector) received by, and projects funded by
7 the Fund; and

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

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

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

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

1 (E) a description of the process for vetting
2 and oversight of entities eligible for support
3 from the Fund to ensure compliance with sub-
4 section (h).

5 **SEC. 5. AUTHORIZATION OF APPROPRIATIONS.**

6 (a) IN GENERAL.—There is authorized to be appro-
7 priated \$50,000,000 for each of the first 5 fiscal years
8 beginning after the date of the enactment of this Act.
9 (b) AVAILABILITY.—Amounts appropriated pursuant
10 to subsection (a) shall be used for United States contribu-
11 tions to the Partnership Fund for Peace established pur-
12 suant to section 4(a).

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