

115TH CONGRESS 1ST SESSION

S. 864

To promote development goals and the strengthening of the private sector in Bosnia and Herzegovina.

IN THE SENATE OF THE UNITED STATES

APRIL 6 (legislative day, APRIL 4), 2017

Mrs. Shaheen (for herself and Mr. Wicker) introduced the following bill; which was read twice and referred to the Committee on Foreign Relations

A BILL

To promote development goals and the strengthening of the private sector in Bosnia and Herzegovina.

- 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 "Balkan Economic
- 5 Partnership Act".
- 6 SEC. 2. PURPOSE AND FINDINGS.
- 7 (a) Purpose.—The purpose of this Act is to support
- 8 economic opportunity and political progress in Bosnia and
- 9 Herzegovina through the creation of an enterprise fund

- 1 that will provide financial investment and technical assist-
- 2 ance to small and medium-sized enterprises.

- 3 (b) FINDINGS.—Congress makes the following find-4 ings:
 - (1) The United States has a strong interest in ensuring the gains in stability and reconciliation made since the end of the Bosnian War in 1995 are not overtaken by difficult economic conditions.
 - (2) In 2014, protests broke out across Bosnia and Herzegovina as a result of widespread frustration among the populace regarding the economy, which is currently experiencing an unemployment rate of more than 40 percent.
 - (3)(A) A crucial element for economic progress in Bosnia and Herzegovina is robust growth among small and medium-sized enterprises (SMEs), which have struggled to access necessary financing.
 - (B) Although the private sector credit-to-GDP ratio in Bosnia and Herzegovina grew from 25 percent in 2001 to over 65 percent in 2008, it has failed to grow in the years since, and is significantly less than the average for advanced economies.
 - (C) Bank lending, which grew similarly rapidly before 2008, has grown barely more than 1 percent per year since then.

- 1 (D) International financial institutions and for2 eign-owned private investment funds active in Bos3 nia and Herzegovina have provided growth finance
 4 for larger companies and infrastructure project fi5 nancing, but have not substantially invested in
 6 SMEs.
 - (4)(A) Bosnia and Herzegovina's demographic, income and geographic characteristics are promising for SME growth.
 - (B) Bosnia and Herzegovina is a market of almost 4,000,000 people, whose per capita income has grown by almost 50 percent in less than a decade, and substantial growth remains in order to achieve income parity with its Balkan neighbor economies.
 - (C) Bosnia and Herzegovina currently imports almost \$10,000,000,000 of goods per year, a substantial portion of which could be substituted for by domestic SME production.
 - (5) To help foster and support the fledgling private sector in Central and Eastern Europe after the fall of the Berlin Wall, Congress, through enactment of the Support for East European Democracy (SEED) Act of 1989 (22 U.S.C. 5401 et seq.) and the FREEDOM Support Act (22 U.S.C. 5801 et seq.), authorized nearly \$1,200,000,000 for the

1	United States Agency for International Development
2	(USAID) to establish 10 new investment funds (col-
3	lectively known as the "Enterprise Funds") to both
4	support economic development objectives and realize
5	substantial financial returns.
6	(6) The Enterprise Funds—
7	(A) channeled approximately
8	\$10,000,000,000 of public and private funding
9	into more than 500 enterprises in 19 countries.
10	(B) leveraged \$6,900,000,000 in private
11	investment capital from outside the United
12	States Government;
13	(C) provided substantial development cap-
14	ital where supply was limited;
15	(D) created or sustained more than
16	300,000 jobs through investment and develop-
17	ment activities;
18	(E) funded \$80,000,000 in technical as-
19	sistance to strengthen the private sector; and
20	(F) are expected to recoup 177 percent of
21	the original USAID funding.
22	(7) Enterprise funds established in partnership
23	with United States partners, such as Poland, Hun-
24	cary Albania Russia and other European coun-

1	tries, have proven beneficial to the economies of such
2	countries.
3	(8) Creating a similar fund in close partnership
4	with the people of Bosnia and Herzegovina would
5	help sustain and expand economic reform efforts in
6	Bosnia and Herzegovina and empower entrepreneurs
7	to create urgently needed employment opportunities.
8	(9) Establishing an enterprise fund for Bosnia
9	and Herzegovina would—
10	(A) help improve financial institutions
11	within the country;
12	(B) provide debt, equity, and other invest-
13	ment vehicles for commercially viable SMEs;
14	and
15	(C) make the investment environment
16	more attractive to domestic and international
17	investors.
18	SEC. 3. PURPOSES OF BOSNIA AND HERZEGOVINA-AMER-
19	ICAN ENTERPRISE FUND.
20	(a) In General.—The purpose of the Bosnia and
21	Herzegovina-American Enterprise Fund is to promote
22	more widely shared prosperity through private sector de-
23	velopment and the policies and practices conducive thereto
24	in Bosnia and Herzegovina, including through loans,
25	microloans, equity investments, insurance, guarantees,

- 1 grants, feasibility studies, technical assistance, capacity
- 2 building of investees and other relevant organizations,
- 3 joint ventures, and other measures.
- 4 (b) Promotion of Private Sector Develop-
- 5 MENT.—The Bosnia and Herzegovina-American Enter-
- 6 prise Fund shall promote private sector development
- 7 through—
- 8 (1) the initiation and expansion of employment
- 9 and profitability of private enterprises, particularly
- small and medium-sized enterprises;
- 11 (2) the modeling, promotion, and dissemination
- of sound corporate governance and law-abiding
- Western business practices;
- 14 (3) the promotion of policy reforms to improve
- the business enabling environment and facilitate for-
- eign and domestic investment; and
- 17 (4) the demonstration that private sector in-
- 18 vestment can be undertaken profitably.
- 19 SEC. 4. BOSNIA AND HERZEGOVINA-AMERICAN ENTER-
- 20 PRISE FUND.
- 21 (a) Designation.—The President is authorized to
- 22 designate a private, nonprofit organization (to be known
- 23 as the Bosnia and Herzegovina-American Enterprise
- 24 Fund) to receive funds made available under this Act for
- 25 the purposes specified in section 3.

(b) Board of Directors.—

(1) APPOINTMENT.—The Bosnia and Herzegovina-American Enterprise Fund shall be governed by a Board of Directors, which shall be comprised of 7 private citizens of the United States appointed by the President of the United States in consultation with the Administrator of the United States Agency for International Development. The Board is authorized to elect up to 3 additional members who are citizens of Bosnia and Herzegovina if agreed to unanimously by all members of the Board.

(2) Qualifications.—

(A) Business experience.—Four members of the Board of Directors shall be selected from among people who have had successful business careers and 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 backgrounds in priority business sectors of the Fund.

(B) DEVELOPMENT EXPERIENCE.—Three members of the Board of Directors shall be se-

1	lected from among people with significant prior
2	experience in development and an expert under-
3	standing of development priorities for Bosnia
4	and Herzegovina.
5	(3) United states government liaisons to
6	THE BOARD.—The President shall appoint the
7	United States Ambassador to Bosnia and
8	Herzegovina, or the Ambassador's designee, as well
9	as the Assistant Administrator of the United States
10	Agency for International Development for Europe
11	and Eurasia, or the Assistant Administrator's des-
12	ignee, as liaisons to the board.
13	(c) Grants.—
14	(1) In general.—There is authorized to be
15	appropriated for the Department of State for fiscal
16	year 2018 \$30,000,000—
17	(A) to carry out the purposes set forth in
18	section 3 through the Bosnia and Herzegovina-
19	American Enterprise Fund; and
20	(B) to pay for the administrative expenses
21	of the Bosnia and Herzegovina-American En-
22	terprise Fund.
23	(2) Compliance requirements.—
24	(A) In general.—Grants may not be
25	awarded to the Bosnia and Herzegovina-Amer-

ican Enterprise Fund under this section unless the Fund agrees to comply with the requirements under this section.

- (B) Grant agreement.—The grant agreement between the United States Agency for International Development and the Bosnia and Herzegovina-American Enterprise Fund shall state that the Fund shall end its reinvestment cycle not later than December 31, 2033, unless the Secretary of State, in consultation with the Administrator of the United States Agency for International Development, and after consultation with the appropriate congressional committees, determines that the Fund should be extended.
- (C) PREVENTION OF MONEY LAUNDERING AND TERRORIST FINANCING.—The grant agreement between the United States Agency for International Development and the Bosnia and Herzegovina-American Enterprise Fund shall state that the Fund shall comply with procedures specified by the Secretary of State to ensure that grant funds are not provided by the Fund to or through any individual, private or government entity, or educational institution

that advocates, plans, sponsors, engages in, or has engaged in, money laundering or terrorist activity or, with respect to a private entity or educational institution, that has as a principal officer of the entity's governing board or governing board of trustees any individual that has been determined to be involved in or advocating money laundering or terrorist activity or determined to be a member of a designated foreign terrorist organization.

- (D) DISPOSITION OF ASSETS.—The assets of the Bosnia and Herzegovina-American Enterprise Fund at the time the Fund is dissolved shall be returned to the General Fund of the United States Treasury and used to reduce the debt of the United States.
- (E) AUTHORIZATION OF LEGACY FOUNDATION.—In the event the assets of the Fund at the end of the reinvestment cycle specified in subparagraph (B) exceed the total amount appropriated or otherwise made available to the Fund by the United States Government, the Secretary of State, in consultation with the Administrator of the United States Agency for International Development, is authorized to di-

1	rect any such excess funds to a foundation for
2	activities consistent with the purposes specified
3	in section 3.
4	(d) Notification.—
5	(1) In general.—Not later than 15 days be-
6	fore designating an organization to operate as the
7	Bosnia and Herzegovina-American Enterprise Fund
8	pursuant to subsection (a), the President shall pro-
9	vide the information described in paragraph (2) to
10	the Chairman and Ranking Member of the appro-
11	priate congressional committees.
12	(2) Information.—The information described
13	in this paragraph is—
14	(A) the identity of the organization to be
15	designated to operate as the Bosnia and
16	Herzegovina-American Enterprise Fund pursu-
17	ant to subsection (a);
18	(B) the name and qualifications of the in-
19	dividual who will serve as Chairman of the
20	Board of Directors; and
21	(C) the amount of the grant intended to
22	fund the Bosnia and Herzegovina-American En-
23	terprise Fund over the lifetime of the fund.

1 SEC. 5. REPORTS.

2	(a) Administrative Expenses.—Not later than 1
3	year after the date of the enactment of this Act, and annu-
4	ally thereafter until the Fund is dissolved, the Fund shall
5	submit to the appropriate congressional committees a re-
6	port detailing the administrative expenses of the Fund, in-
7	cluding any costs incurred by private firms hired to aid
8	in the management of the fund.
9	(b) GAO REPORT.—
10	(1) Initial report.—Not later than 3 years
11	after the date of the enactment of this Act, the
12	Comptroller General of the United States shall sub-
13	mit to the appropriate congressional committees a
14	report that examines—
15	(A) the status of the Fund's investments;
16	(B) the Fund's progress in establishing
17	key management structures to support its mis-
18	sion and operations; and
19	(C) the extent to which the Fund has com-
20	plied with requirements in the grant agree-
21	ments.
22	(2) UPDATES.—The Comptroller General shall,
23	for the duration of the Fund and at the request of
24	the appropriate congressional committees, provide an
25	updated report on the Fund and any successor orga-
26	nization.

- 1 (c) Independent Reports.—Not later than July 1,
- 2 2022, and July 1, 2030, the Administrator of the United
- 3 States Agency for International Development shall com-
- 4 mission a report, to be completed by an independent,
- 5 third-party organization, evaluating the performance of
- 6 the Bosnia and Herzegovina-American Enterprise Fund
- 7 with respect to the purposes set forth in section 3. The
- 8 report shall be made available to the appropriate congres-
- 9 sional committees.
- 10 (d) Appropriate Congressional Committees
- 11 Defined.—In this section, the term "appropriate con-
- 12 gressional committees" means—
- 13 (1) the Committee on Foreign Relations and
- the Committee on Appropriations of the Senate; and
- 15 (2) the Committee on Foreign Affairs and the
- 16 Committee on Appropriations of the House of Rep-
- 17 resentatives.
- 18 SEC. 6. OPERATION PROVISIONS.
- 19 (a) APPLICABLE PROVISIONS.—Subsections (d)(5),
- 20 (g), (h), (i), (k), (l), (m), (n), (o), and (p) of section 201
- 21 of the Support for East European Democracy (SEED)
- 22 Act of 1989 (22 U.S.C. 5421) shall apply with respect
- 23 to the Bosnia and Herzegovina-American Enterprise Fund
- 24 in the same manner as such provisions apply to Enterprise

- 1 Funds designated pursuant to subsection (d) of such sec-
- 2 tion.
- 3 (b) Reinvestment.—Returns on investments of the
- 4 Bosnia and Herzegovina-American Enterprise Fund and
- 5 other payments to the Fund may be reinvested by the
- 6 Fund and used to fund noninvestment projects without
- 7 further appropriation by Congress.

8 SEC. 7. BEST PRACTICES AND PROCEDURES.

- 9 To the maximum extent practicable, the Board of Di-
- 10 rectors of the Bosnia and Herzegovina-American Enter-
- 11 prise Fund should adopt the best practices and procedures
- 12 used by Enterprise Funds, including those for which fund-
- 13 ing has been made available pursuant to section 201 of
- 14 the Support for East European Democracy (SEED) Act
- 15 of 1989 (22 U.S.C. 5421).

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