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(Original Signature of Member)

116TH CONGRESS  
1ST SESSION

**H. R.** \_\_\_\_\_

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.

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IN THE HOUSE OF REPRESENTATIVES

Mrs. LOWEY introduced the following bill; which was referred to the  
Committee on \_\_\_\_\_

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**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-

1           tives, the Majority Leader of the Senate, and  
2           the Minority Leader of the Senate.

3           (B) QUALIFICATIONS.—

4           (i) GENERAL EXPERIENCE.—Members  
5           of the Board of Governors shall be selected  
6           from among people who have demonstrated  
7           experience and expertise in the affairs re-  
8           lated to Israel and the Palestinian terri-  
9           tories.

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

13               (I) demonstrated experience and  
14               expertise in international and particu-  
15               larly emerging markets investment ac-  
16               tivities, such as private equity or ven-  
17               ture capital investment, banking, fi-  
18               nance, strategic business consulting,  
19               or entrepreneurial business creation;  
20               and

21               (II) backgrounds in priority busi-  
22               ness sectors of the Palestinian econ-  
23               omy.

24               (iii) CONFLICT MITIGATION EXPERI-  
25               ENCE.—Not fewer than 2 members of the

1 Board of Governors shall have dem-  
2 onstrated experience and expertise in con-  
3 flict mitigation and people-to-people pro-  
4 grams.

5 (iv) USAID OFFICIAL.—The Adminis-  
6 trator of the United States Agency for  
7 International Development (USAID) shall  
8 appoint 1 USAID official as a member of  
9 the Board of Governors.

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

12 (i) determine the amount annually al-  
13 located from the Fund for each Technical  
14 Board; and

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

17 (D) INTERNATIONAL DONOR SEATS.—With  
18 the approval of the existing Board of Gov-  
19 ernors, the Administrator may appoint up to 2  
20 additional members to the Board who shall—

21 (i) represent international organiza-  
22 tions or foreign governments that have do-  
23 nated to the Fund; and

24 (ii) meet the qualifications set forth in  
25 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  
15 boards 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).