AMENDMENT NO.________ Calendar No.______

Purpose: In the nature of a substitute.

IN THE SENATE OF THE UNITED STATES—119th Cong., 1st Sess.

S. 2626

To strengthen the leadership role of the United States at the Inter-American Development Bank, and for other purposes.

Referred to the Committee on ____________________ and ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENT IN THE NATURE OF A SUBSTITUTE intended to be proposed by Mr. MCCORMICK

Viz:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Strengthening United States Leadership at the IDB Act".

SEC. 2. DEFINITIONS.

In this Act:

(1) APPROPRIATE CONGRESSIONAL COMMITTEES.—The term "appropriate congressional committees" means—

(A) the Committee on Foreign Relations of the Senate; and

(B) the Committee on Foreign Affairs and the Committee on Financial Services of the House of Representatives.

(2) IDB.—The term ‘‘IDB’’ means all of the current and former institutions in the IDB Group, including the Inter-American Development Bank, the Inter-American Investment Corporation (commonly known as ‘‘IDB Invest’’), IDB Lab, and any related or predecessor entities.

(3) PRC.—The term ‘‘PRC’’—

(A) means the People's Republic of China;

(B) except as provided by subparagraph (C), includes all Special Administrative Regions of the People's Republic of China, including Hong Kong and Macau; and

(C) excludes Taiwan.

(4) PRC ENTITY.—The term ‘‘PRC entity’’ means any corporation, company, limited liability company, limited partnership, business trust, business association, or other similar entity owned by, controlled by, or subject to the jurisdiction or direction of the Government of the People's Republic of China.

SEC. 3. UNITED STATES POLICY RELATED TO THE PEOPLE'S REPUBLIC OF CHINA AT INTER-AMERICAN DEVELOPMENT BANK.

(a) IN GENERAL.—The Secretary of the Treasury, in consultation with the Secretary of State, shall instruct the United States Executive Director at the Inter-American Development Bank to use the voice, vote, and influence of the United States to reduce the influence of the PRC and PRC entities in IDB operations, activities, and projects, including by—

(1) reviewing any IDB projects, or loans, grants, or other financing, that include entry into a contract, provision of funding, or provision of other financing, whether directly or indirectly, involving the PRC or PRC entities, for potential risks to the national and economic security interests of the United States; and

(2) voting against or taking action to prevent a quorum for all votes related to—

(A) any project, or loan, grant, or other financing, that—

(i) would include the participation of PRC trust funds created within the IDB; or

(ii) after a review is conducted under paragraph (1), the United States Executive Director or the Secretary of the Treasury determines poses a risk to the national and economic security interests of the United States; and

(B) the issuance, sale, or transfer of additional shares of stock in the IDB to the PRC in a manner that increases the voting share of the PRC at the IDB relative to the voting share of the United States.

(b) REPORTS ON SANCTIONS AND EXPORT CONTROL VIOLATIONS.—The United States Executive Director shall—

(1) identify IDB projects involving PRC entities that are or have engaged in activities in violation of sanctions or export controls imposed by the United States; and

(2) submit to the appropriate congressional committees a report on any such project.

SEC. 4. ENCOURAGING INTER-AMERICAN DEVELOPMENT BANK PROCUREMENT FROM UNITED STATES AND PARTNER COUNTRY ENTITIES.

The Secretary of the Treasury shall instruct the United States Executive Director at the Inter-American Development Bank to use the voice, vote, and influence of the United States to advocate for—

(1) increased internal and external capacity-building by the IDB to encourage procurement by entities from the United States and member countries of the IDB that are allies or partners of the United States, rather than entities from the People's Republic of China; and

(2) implementing IDB procurement policies that prioritize value for money, transparency, and integrity over lowest upfront cost.

SEC. 5. UNITED STATES DEVELOPMENT FINANCE CORPORATION COLLABORATION WITH INTER-AMERICAN DEVELOPMENT BANK.

(a) IN GENERAL.—The Secretary of the Treasury shall instruct the United States Executive Director at the Inter-American Development Bank to use the voice, vote, and influence of the United States to encourage collaboration between the IDB and the United States International Development Finance Corporation (in this section referred to as the ''Corporation'') on projects, financing, loans, or grants in IDB borrowing member countries.

(b) REPORT REQUIRED.—Not later than 180 days after the date of the enactment of this Act, the Chief Executive Officer of the Corporation shall submit to the appropriate congressional committees a report that includes the following:

(1) An overview of collaboration between the Corporation and the IDB since the signing in 2019 of a memorandum of understanding between the IDB and the Corporation's predecessor agency with respect to investments in projects in Latin America and the Caribbean.

(2) An analysis of potential areas to expand collaboration between the Corporation and the IDB in IDB borrowing member countries.

SEC. 6. REPORT ON INFLUENCE OF THE PEOPLE'S REPUBLIC OF CHINA AT THE INTER-AMERICAN DEVELOPMENT BANK.

(a) IN GENERAL.—Not later than 180 days after the date of the enactment of this Act, the Secretary, in consultation with the Secretary of State, shall submit to the appropriate congressional committees a report that includes the following:

(1) The scope and scale of the influence of the PRC and PRC entities in the IDB, including in—

(A) the organization and personnel of the IDB;

(B) IDB governance and transparency;

(C) the financing of the IDB;

(D) determinations around which projects to fund or finance;

(E) deliberations regarding the involvement or membership of Taiwan in the IDB; and

(F) any other modes through which the PRC or PRC entities influence the IDB.

(2) A complete list of all projects of the IDB that include financing or funding from the PRC, PRC entities, or PRC trust funds created at the IDB since the PRC joined the IDB as a member country on January 12, 2009, including—

(A) the title and identification number of the project;

(B) a description of the project;

(C) the location of the project;

(D) the amount of funding or financing initially allocated for the project;

(E) the amount of funding or financing disbursed under the project;

(F) a summary of the status of the implementation of the project;

(G) a description of any incidents in which funding or financing for a project has been disbursed, but required work has not been implemented or completed; and

(H) an identification of each PRC entity participating in funding or financing such a project, including—

(i) an identification of the ultimate beneficial owner for each such entity;

(ii) a statement of whether each such entity is included in the World Bank cross-debarment list, including conditional non-debarments, due to fraud, human rights abuses, corruption, or related misconduct; and

(iii) a statement of whether sanctions were imposed by the United States with respect to each such entity.

(3) A complete list of the projects of the IDB in which PRC entities participate, whether through direct or indirect procurement or other contracting, including—

(A) the title and identification number of the project;

(B) a description of the project;

(C) the location of the project;

(D) the amount of funding or financing initially allocated for the project;

(E) the amount of funding or financing disbursed under the project;

(F) an identification of all PRC entities participating in the project, including—

(i) a statement of whether, for each such entity, the participation consists of direct or indirect procurement or other contracting;

(ii) an identification of the ultimate beneficial owner for each such entity;

(iii) a statement of whether each such entity is on the World Bank cross-debarment list, including conditional non-debarments, due to fraud, human rights abuses, corruption, or related misconduct; and

(iv) a statement of whether sanctions were imposed by the United States with respect to each such entity;

(G) the amount of funding or financing received by the PRC entities under the project;

(H) a summary of the work conducted by the PRC entities as part of direct or indirect procurement or other contracting; and

(I) a description of any incidents in which the PRC entities received funding or financing as part of a direct or indirect procurement or other contracting, but required work has not been implemented or completed.

(4) A full review of projects described in paragraphs (2) and (3) to assess whether any of the projects featured any human rights abuses, delays, corruption, or poor results, and an analysis of the procurement practices involved in the projects.

(5) The extent to which—

(A) the IDB uses equipment or services produced by entities on—

(i) the list of entities that produce or provide communications equipment or services on the list published by the Federal Communications Commission under section 2(a) of the Secure and Trusted Communications Networks Act of 2019 (47 U.S.C. 1601(a)); or

(ii) the Entity List maintained by the Bureau of Industry and Security of the Department of Commerce and set forth in Supplement No. 4 to part 744 of the Export Administration Regulations; and

(B) projects funded or financed by the IDB use equipment or services provided by such entities.

(6) A review of how and to what extent the PRC has used the IDB to, within IDB member countries—

(A) spread the diplomatic, economic, informational, and military influence of the PRC;

(B) promote the adoption and use of technologies of PRC entities; and

(C) promote the preferred values of the PRC.

(7) An action plan for the Executive Director to work to reduce the involvement of the PRC and PRC entities in the IDB and projects funded or financed by the IDB, as determined under this subsection.

(8) The extent to which PRC entities sanctioned by the United States serve in leadership or management positions in entities that are PRC entities and are working on IDB-funded or IDB-financed projects.

(9) The extent to which the PRC has used its voice, vote, and influence in the IDB to promote the

interests of the PRC at the expense of regional development interests.

(10) A list of IDB projects funded by the PRC or PRC entities assessed to pose a risk to United States interests as a result of their proximity to—

(A) a cooperative security location;

(B) a United States military installation outside the contiguous United States; or

(C) a military installation of a partner or ally of the United States.

(b) SUBSEQUENT REPORTS.—Not later than 2 years after the Secretary submits the report required by subsection (a), and every 2 years thereafter for 8 years, the Secretary shall submit to the appropriate congressional committees a report that includes—

(1) any updates to information included in all reports submitted under subsection (a); and

(2) any new information related to the matters described in subsection (a).

(c) NOTIFICATION REQUIREMENT.—In addition to the reports required by subsections (a) and (b), the Secretary shall notify the appropriate congressional committees in writing not later than 15 days after becoming aware of any new IDB project—

(1) in which the PRC or any PRC entity is engaged in a contract, either through financing or funding, or as a participant; and

(2) that is related to matters described in subsection (a)(10).

(d) FORMAT.—Each report and notification required by subsection (a), (b), or (c) shall be submitted to the appropriate congressional committees in unclassified form, but may include a classified annex.

(e) PUBLIC AVAILABILITY.—Not earlier than 60 days, and not later than 90 days, after the Secretary submits a report or notification required by subsection (a), (b), or (c), the Secretary shall post an unclassified summary of the report or notification on a public-facing web page of the Department of the Treasury and the Secretary of State shall post such summary on a public-facing web page of the Department of State.

(f) DEFINITIONS.—In this section:

(1) COOPERATIVE SECURITY LOCATION.—The term ‘‘cooperative security location’’ means any facility that is—

(A) located outside the United States that is owned or operated by a country that is a partner of the United States; and

(B) used for security cooperation activities, contingency access, and regional training.

(2) EXECUTIVE DIRECTOR.—The term ''Executive Director'' means the United States Executive Director at the IDB.

(3) EXPORT ADMINISTRATION REGULATIONS.—The term ''Export Administration Regulations'' has the meaning given that term in section 1742 of the Export Control Reform Act of 2018 (50 U.S.C. 4801).

(4) SECRETARY.—The term ''Secretary'' means the Secretary of the Treasury.

(5) ULTIMATE BENEFICIAL OWNER.—The term ''ultimate beneficial owner'' means, with respect to an entity, an individual who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise—

(A) exercises substantial control over the entity; or

(B) owns or controls 25 percent or more of the ownership interests of the entity.