

available to poor countries with the result that funds are not available to meet the basic needs of poor people;

“(3) in many developing countries the cost of large central generators and long distance electrical distribution makes it unlikely that rural energy by means of a national grid will contribute to meeting the needs of poor people;

“(4) only one of eight rural inhabitants lives in an area which has access to electricity and even fewer rural inhabitants actually have or can afford electricity;

“(5) wood, animal and agricultural waste, and other ‘noncommercial’ fuels still supply about half the total energy in developing countries and all but a seventh in rural sectors;

“(6) growing dependence of the world’s poor on wood for heating and cooking has forced the overcutting of forests and as a consequence erosion and loss of available agricultural land; and

“(7) recent initiatives by the international financial institutions to develop and utilize decentralized solar, hydro, biomass, geothermal, and wind energy should be significantly expanded to make renewable energy resources increasingly available to the world’s poor on a wide scale.”

**§ 262k. Financial assistance to international financial institutions; considerations and criteria**

**(a) Congressional declaration of intent**

United States active participation in international financial institution activity is based on our national objective of furthering the economic and social development of the nations of the world, in particular the developing nations. The attainment of this national objective is most effectively realized through a world economic and financial system which is both free and stable. Therefore, it is the intent of the United States Congress that United States financial assistance to the international financial institutions should be primarily directed to those projects that would not generate excess commodity supplies in world markets, displace private investment initiatives or foster departures from a market-oriented economy.

**(b) Effect of country adjustment programs; minimization of projected adverse impacts; avoidance of government subsidization**

The Secretary of the Treasury shall instruct the representatives of the United States to the international financial institutions described in subsection (d) of this section to take into account in their review of loans, credits, or other utilization of the resources of their respective institutions, the effect that country adjustment programs would have upon individual industry sectors and international commodity markets in order to—

(1) minimize any projected adverse impacts on such sector or markets of making such loans, credits, or utilization of resources; and

(2) avoid whenever possible government subsidization of production and exports of international commodities without regard to economic conditions in the markets for such commodities.

**(c) Project proposals relating to mining, smelting, refining, and fabricating of minerals and metal products**

More specifically, the following criteria should be considered as a basis for a vote by the

respective United States Executive Director to each of the international financial institutions described in subsection (d) of this section against a project proposal involving the creation of new capacity or the expansion, improvement, or modification of mining, smelting, refining, and fabricating of minerals and metal products:

(1) Analysis shows that the risks, returns, and incentives of a project are such that it could be financed at reasonable terms by commercial lending services.

(2) Analysis by the United States Bureau of Mines indicates that surplus capacity in the industry for the primary product of the defined project would exist over half the period of the economic life of the project because of projected world demand and capacity conditions.

(3) United States imports of the commodity constitute less than 50 percent of the domestic production of the primary product in those cases where the United States is the substantial producer of such commodities.

**(d) International financial institutions**

The international financial institutions referred to in subsections (a) and (b) of this section are the International Monetary Fund, the International Bank for Reconstruction and Development, the International Development Association, the Inter-American Development Bank, the Asian Development Bank, and the African Development Bank.

(Pub. L. 99-88, title I, § 502, Aug. 15, 1985, 99 Stat. 330; Pub. L. 102-285, § 10(b), May 18, 1992, 106 Stat. 172.)

**CHANGE OF NAME**

“United States Bureau of Mines” substituted for “Bureau of Mines” in subsec. (c)(2) pursuant to section 10(b) of Pub. L. 102-285, set out as a note under section 1 of Title 30, Mineral Lands and Mining. For provisions relating to closure and transfer of functions of the United States Bureau of Mines, see note set out under section 1 of Title 30, Mineral Lands and Mining.

**COPPER MINING, SMELTING, AND REFINING**

Section 501 of Pub. L. 99-88 provided that: “The Secretary of the Treasury shall instruct the United States Executive Directors of the International Bank for Reconstruction and Development, the International Development Association, the International Finance Corporation, the Inter-American Development Bank, the International Monetary Fund, the Asian Development Bank, the Inter-American Investment Corporation, the African Development Bank, and the African Development Fund to use the voice and vote of the United States to oppose any assistance by these institutions, using funds appropriated or made available pursuant to this Act or any other Act, for the production of any copper commodity for export or for the financing of the expansion, improvement, or modernization of copper mining, smelting, and refining capacity.”

**§ 262k-1. Transparency of budgets**

**(a) Limitation**

Beginning three years after September 30, 1996, the Secretary of the Treasury shall instruct the United States Executive Director of each international financial institution to use the voice and vote of the United States to oppose any loan or other utilization of the funds of their respective institution, other than to address basic

human needs, for the government of any country which the Secretary of the Treasury determines—

(1) does not have in place a functioning system for reporting to civilian authorities audits of receipts and expenditures that fund activities of the armed forces and security forces;

(2) has not provided to the institution information about the audit process requested by the institution.

**(b) “International financial institution” defined**

For purposes of this section, the term “international financial institution” shall include the institutions identified in section 532(b) of this Act.

(Pub. L. 104–208, div. A, title I, §101(c) [title V, §576], Sept. 30, 1996, 110 Stat. 3009–121, 3009–168; Pub. L. 105–118, title V, §572, Nov. 26, 1997, 111 Stat. 2430.)

REFERENCES IN TEXT

Section 532(b) of this Act, referred to in subsec. (b), is section 532(b) of Pub. L. 104–208, div. A, title I, §101(c) [title V], Sept. 30, 1996, 110 Stat. 3009–121, 3009–152, which is not classified to the Code.

AMENDMENTS

1997—Subsec. (a)(1). Pub. L. 105–118, §572(a), amended par. (1) generally. Prior to amendment, par. (1) read as follows: “does not have in place a functioning system for a civilian audit of all receipts and expenditures that fund activities of the armed forces and security forces;”.

Subsec. (a)(2). Pub. L. 105–118, §572(b), amended par. (2) generally. Prior to amendment, par. (2) read as follows: “has not provided a summary of a current audit to the institution.”

**§ 262k–2. Female genital mutilation**

**(a) Limitation**

Beginning 1 year after September 30, 1996, the Secretary of the Treasury shall instruct the United States Executive Director of each international financial institution to use the voice and vote of the United States to oppose any loan or other utilization of the funds of their respective institution, other than to address basic human needs, for the government of any country which the Secretary of the Treasury determines—

(1) has, as a cultural custom, a known history of the practice of female genital mutilation; and

(2) has not taken steps to implement educational programs designed to prevent the practice of female genital mutilation.

**(b) “International financial institution” defined**

For purposes of this section, the term “international financial institution” shall include the institutions identified in section 532(b) of this Act.

(Pub. L. 104–208, div. A, title I, §101(c) [title V, §579], Sept. 30, 1996, 110 Stat. 3009–121, 3009–170.)

REFERENCES IN TEXT

Section 532(b) of this Act, referred to in subsec. (b), is section 532(b) of Pub. L. 104–208, div. A, title I, §101(c) [title V], Sept. 30, 1996, 110 Stat. 3009–121, 3009–152, which is not classified to the Code.

**§ 262l. Environmental reform measures and remedial measures; Committee on Health and the Environment**

**(a) Environmental reform measures; instructions to Executive Directors of Multilateral Development Banks**

The Secretary of the Treasury shall instruct the United States Executive Directors of the Multilateral Development Banks to—

(1) vigorously promote a commitment of these institutions to—

(A) add professionally trained staff with experience in ecology and related areas to undertake environmental review of projects, and strengthen existing staff exercising environmental responsibilities;

(B) develop and implement management plans to ensure systematic and thorough environmental review of all projects and activities affecting the ecology and natural resources of borrowing countries, including—

(i) creation of a line unit to carry out such reviews as part of the normal project cycle,

(ii) appointment of an environmental advisor to the Presidents of the Multilateral Development Banks,

(iii) institution of a regular program of monitoring all ongoing projects to ensure that contract conditions and general bank policies to protect the environment and indigenous peoples are fully complied with;

(C) create career and other institutional incentives for all professionally trained bank staff to incorporate environmental and natural resources concerns into project planning and country programming activities;

(2) vigorously promote changes in these institutions in their preparation of projects and country programs that will prompt staff and encourage borrower countries to—

(A) actively and regularly involve environmental and health ministers, or comparable representatives, at the national, regional and local level, in the preparation of environmentally sensitive projects and in bank-supported country program planning and strategy sessions;

(B) actively and regularly seek the participation of non-governmental indigenous peoples and conservation organizations in the host countries at all stages of project planning and strategy sessions;

(C) fully inform local communities and appropriate non-governmental organizations with interests in local development projects of all project appraisal to allow informed participation of local communities and non-governmental organizations that may be adversely affected by them;

(3) establish a regular integrated multidisciplinary planning process to conduct land use capability analyses in reviewing potential loans. Such plans shall include, but not be limited to, a review of ongoing or other potential resource utilization efforts in and adjacent to the project area;

(4) vigorously promote a commitment of these institutions to develop and implement