

§ 262p-6. Improvement of the Heavily Indebted Poor Countries Initiative

(a) Improvement of the HIPC Initiative

In order to accelerate multilateral debt relief and promote human and economic development and poverty alleviation in heavily indebted poor countries, the Congress urges the President to commence immediately efforts, with the Paris Club of Official Creditors, as well as the International Monetary Fund (IMF), the International Bank for Reconstruction and Development (World Bank), and other appropriate multilateral development institutions to accomplish the following modifications to the Heavily Indebted Poor Countries Initiative:

(1) Focus on poverty reduction, good governance, transparency, and participation of citizens

A country which is otherwise eligible to receive cancellation of debt under the modified Heavily Indebted Poor Countries Initiative may receive such cancellation only if the country has committed, in connection with social and economic reform programs that are jointly developed, financed, and administered by the World Bank and the IMF—

(A) to enable, facilitate, or encourage the implementation of policy changes and institutional reforms under economic reform programs, in a manner that ensures that such policy changes and institutional reforms are designed and adopted through transparent and participatory processes;

(B) to adopt an integrated development strategy to support poverty reduction through economic growth, that includes monitorable poverty reduction goals;

(C) to take steps so that the financial benefits of debt relief are applied to programs to combat poverty (in particular through concrete measures to improve economic infrastructure, basic services in education, nutrition, and health, particularly treatment and prevention of the leading causes of mortality) and to redress environmental degradation;

(D) to take steps to strengthen and expand the private sector, encourage increased trade and investment, support the development of free markets, and promote broad-scale economic growth;

(E) to implement transparent policy making and budget procedures, good governance, and effective anticorruption measures;

(F) to broaden public participation and popular understanding of the principles and goals of poverty reduction, particularly through economic growth, and good governance; and

(G) to promote the participation of citizens and nongovernmental organizations in the economic policy choices of the government.

(2) Faster debt relief

The Secretary of the Treasury should urge the IMF and the World Bank to complete a debt sustainability analysis by December 31, 2000, and determine eligibility for debt relief, for as many of the countries under the modi-

fied Heavily Indebted Poor Countries Initiative as possible.

(b) Heavily Indebted Poor Countries review

The Secretary of the Treasury, after consulting with the Committees on Banking and Financial Services and International Relations of the House of Representatives, and the Committees on Foreign Relations and Banking, Housing, and Urban Affairs of the Senate, shall make every effort (including instructing the United States Directors at the IMF and World Bank) to ensure that an external assessment of the modified Heavily Indebted Poor Countries Initiative, including the reformed Enhanced Structural Adjustment Facility program as it relates to that Initiative, takes place by December 31, 2001, incorporating the views of debtor governments and civil society, and that such assessment be made public.

(c) Definition

The term “modified Heavily Indebted Poor Countries Initiative” means the multilateral debt initiative presented in the Report of G-7 Finance Ministers on the Köln Debt Initiative to the Köln Economic Summit, Cologne, Germany, held from June 18-20, 1999.

(Pub. L. 95-118, title XVI, § 1623, as added Pub. L. 106-113, div. B, § 1000(a)(5) [title V, § 502], Nov. 29, 1999, 113 Stat. 1536, 1501A-313.)

CHANGE OF NAME

Committee on Banking and Financial Services of House of Representatives abolished and replaced by Committee on Financial Services of House of Representatives, and jurisdiction over matters relating to securities and exchanges and insurance generally transferred from Committee on Energy and Commerce of House of Representatives by House Resolution No. 5, One Hundred Seventh Congress, Jan. 3, 2001.

Committee on International Relations of House of Representatives changed to Committee on Foreign Affairs of House of Representatives by House Resolution No. 6, One Hundred Tenth Congress, Jan. 5, 2007.

DEFINITIONS

The definitions in section 262p-5 of this title apply to this section.

§ 262p-7. Reform of the Enhanced Structural Adjustment Facility

The Secretary of the Treasury shall instruct the United States Executive Directors at the International Bank for Reconstruction and Development (World Bank) and the International Monetary Fund (IMF) to use the voice and vote of the United States to promote the establishment of poverty reduction strategy policies and procedures at the World Bank and the IMF that support countries’ efforts under programs developed and jointly administered by the World Bank and the IMF that have the following components:

(1) The development of country-specific poverty reduction strategies (Poverty Reduction Strategies) under the leadership of such countries that—

(A) will be set out in poverty reduction strategy papers (PRSPs) that provide the basis for the lending operations of the International Development Association (IDA) and

the reformed Enhanced Structural Adjustment Facility (ESAF);

(B) will reflect the World Bank's role in poverty reduction and the IMF's role in macroeconomic issues;

(C) will make the IMF's and the World Bank's advice and operations fully consistent with the objectives of poverty reduction through broad-based economic growth; and

(D) should include—

(i) implementation of transparent budgetary procedures and mechanisms to help ensure that the financial benefits of debt relief under the modified Heavily Indebted Poor Countries Initiative (as defined in section 262p-6 of this title) are applied to programs that combat poverty; and

(ii) monitorable indicators of progress in poverty reduction.

(2) The adoption of procedures for periodic comprehensive reviews of reformed ESAF and IDA programs to help ensure progress toward longer-term poverty goals outlined in the Poverty Reduction Strategies and to allow adjustments in such programs.

(3) The publication of the PRSPs prior to Executive Board review of related programs under IDA and the reformed ESAF.

(4) The establishment of a standing evaluation unit at the IMF, similar to the Operations Evaluation Department of the World Bank, that would report directly to the Executive Board of the IMF and that would undertake periodic reviews of IMF operations, including the operations of the reformed ESAF, including—

(A) assessments of experience under the reformed ESAF programs in the areas of poverty reduction, economic growth, and access to basic social services;

(B) assessments of the extent and quality of participation in program design by citizens;

(C) verifications that reformed ESAF programs are designed in a manner consistent with the Poverty Reduction Strategies; and

(D) prompt release to the public of all reviews by the standing evaluation unit.

(5) The promotion of clearer conditionality in IDA and reformed ESAF programs that focuses on reforms most likely to support poverty reduction through broad-based economic growth.

(6) The adoption by the IMF of policies aimed at reforming ESAF so that reformed ESAF programs are consistent with the Poverty Reduction Strategies.

(7) The adoption by the World Bank of policies to help ensure that its lending operations in countries eligible for debt relief under the modified Heavily Indebted Poor Countries Initiative are consistent with the Poverty Reduction Strategies.

(8) Strengthening the linkage between borrower country performance and lending operations by IDA and the reformed ESAF on the basis of clear and monitorable indicators.¹

(9) Full public disclosure of the proposed objectives and financial organization of the suc-

cessor to the ESAF at least 90 days before any decision by the Executive Board of the IMF to consider its adoption.

(Pub. L. 95-118, title XVI, § 1624, as added Pub. L. 106-113, div. B, § 1000(a)(5) [title V, § 502], Nov. 29, 1999, 113 Stat. 1536, 1501A-314.)

DEFINITIONS

The definitions in section 262p-5 of this title apply to this section.

§ 262p-8. Modification of the Enhanced HIPC Initiative

(a) Authority

(1) In general

The Secretary of the Treasury should immediately commence efforts within the Paris Club of Official Creditors, the International Bank for Reconstruction and Development, the International Monetary Fund, and other appropriate multilateral development institutions to modify the Enhanced HIPC Initiative so that the amount of debt stock reduction approved for a country eligible for debt relief under the Enhanced HIPC Initiative shall be sufficient to reduce, for each of the first 3 years after May 27, 2003, or the Decision Point, whichever is later—

(A) the net present value of the outstanding public and publicly guaranteed debt of the country—

(i) as of the decision point¹ if the country has already reached its decision point;¹ or

(ii) as of May 27, 2003, if the country has not reached its decision point,¹

to not more than 150 percent of the annual value of exports of the country for the year preceding the Decision Point; and

(B) the annual payments due on such public and publicly guaranteed debt to not more than—

(i) 10 percent or, in the case of a country suffering a public health crisis (as defined in subsection (e) of this section), not more than 5 percent, of the amount of the annual current revenues received by the country from internal resources; or

(ii) a percentage of the gross national product of the country, or another benchmark, that will yield a result substantially equivalent to that which would be achieved through application of clause (i).

(2) Limitation

In financing the objectives of the Enhanced HIPC Initiative, an international financial institution shall give priority to using its own resources.

(b) Relation to poverty and the environment

Debt cancellation under the modifications to the Enhanced HIPC Initiative described in subsection (a) of this section should not be conditioned on any agreement by an impoverished country to implement or comply with policies that deepen poverty or degrade the environment, including any policy that—

¹ So in original. The words "decision point" probably should be capitalized.

¹ So in original. Probably should be "indicators".