

Treasury shall take full account of the progress countries have made in achieving targets for eliminating or phasing out the practices referred to in subsection (b) of this section.

(2) In the event that the United States supports a request for loans or drawing by a country that has not achieved the bank and Fund targets relating to such practices specified in its program, the Secretary of the Treasury shall report to the appropriate committees of the Congress the reasons for the United States position.

(d) “Multilateral development banks” defined

For purposes of this section, the term “multilateral development banks” means the International Bank for Reconstruction and Development, the Inter-American Development Bank, the African Development Bank, and the Asian Development Bank.

(July 31, 1945, ch. 339, §49, as added Pub. L. 98–181, title VIII, §812, Nov. 30, 1983, 97 Stat. 1275; amended Pub. L. 99–500, §101(f) [title V, §555], Oct. 18, 1986, 100 Stat. 1783–213, 1783–240, and Pub. L. 99–591, §101(f) [title V, §555], Oct. 30, 1986, 100 Stat. 3341–214, 3341–240; Pub. L. 106–36, title I, §1002(c), June 25, 1999, 113 Stat. 133.)

CODIFICATION

Pub. L. 99–591 is a corrected version of Pub. L. 99–500.

AMENDMENTS

1999—Subsec. (a)(3). Pub. L. 106–36 substituted “Secretariat of the World Trade Organization (as the term ‘World Trade Organization’ is defined in section 3501(8) of title 19)” for “GATT Secretariat”.

1986—Subsec. (a)(1). Pub. L. 99–500 and Pub. L. 99–591, §101(f) [title V, §555(b)], inserted “each of the multilateral development banks (in this section referred to as the ‘banks’) and of”, “each of the banks and of”, and “banks and of the”, and substituted “development of financial” for “development of Fund financial”.

Subsec. (a)(3). Pub. L. 99–500 and Pub. L. 99–591, §101(f) [title V, §555(c)], inserted “each of the banks and of” and substituted “their staff” for “Fund staff”.

Subsec. (b)(1). Pub. L. 99–500 and Pub. L. 99–591, §101(f) [title V, §555(d)], inserted “each of the banks and of”, “the banks and by”, and “the banks and”.

Subsec. (c). Pub. L. 99–500 and Pub. L. 99–591, §101(f) [title V, §555(e), (f)], inserted “bank and” and “loans or” in pars. (1) and (2).

Subsec. (d). Pub. L. 99–500 and Pub. L. 99–591, §101(f) [title V, §555(a)], added subsec. (d).

§ 286hh. Policy based lending for debt reduction

(a) Criteria

The Secretary of the Treasury shall instruct the United States Executive Director of the International Bank for Reconstruction and Development to initiate discussions with other directors of such bank and to advocate and support the facilitation of voluntary market-based programs for the reduction of sovereign debt and the promotion of sustainable economic development, which, if implemented, would—

(1) not require any organization or government to participate in such a program;

(2) result in debt reduction for each participating country tailored to the particular situation of each country;

(3) provide assistance to participating countries conditioned on the implementation of economic reforms, and the preservation of economic reforms previously implemented, by the

country that are consistent with the principles of sustainable development;

(4) encourage participating countries to make economic adjustments steadily and over a period of time in order to achieve policy reform;

(5) use debt reduction techniques that would not compensate commercial banks for the reduction in the value of such debt, but would serve as a catalyst for new lending;

(6) involve such bank in lending for purposes of debt reduction and conversion only where such involvement would not lower the credit rating of such bank;

(7) not require public sector funding beyond that provided through any capital increase for such bank, and any replenishment for the International Development Association, which is agreed to by the member countries of such institutions; and

(8) accomplish debt reduction, not as an end, but as a means to greater growth and investment in, and the restoration of voluntary private lending to, participating countries for environmentally and economically sustainable development.

(b) Policy based lending for debt reduction and sustainable growth

The Secretary of the Treasury shall instruct the United States Executive Director of the International Bank for Reconstruction and Development to initiate discussions with other directors of such bank and to propose that policy based loans be made by such bank for, among other reasons, facilitating a reduction in the debt service burden of any country which is participating in a voluntary market-based program for debt reduction described in subsection (c) of this section.

(c) Voluntary market-based program for debt reduction and sustainable growth

In connection with the discussions initiated pursuant to subsection (b) of this section, the Secretary shall instruct the United States Executive Director of the International Bank for Reconstruction and Development to propose that a country be considered to be participating in a voluntary market-based program of debt reduction for purposes of subsection (b) of this section if the creditors of such country agree to significantly reduce the debt service of such country through forgiveness of a percentage of the interest owed by such country on any sovereign debt or through any other means.

(d) Reports

Not later than March 1, 1989, March 1, 1991, and March 1, 1993, respectively, the Secretary of the Treasury shall submit to the Committee on Banking, Finance and Urban Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate 3 reports each of which—

(1) describes the long term strategy and lending programs of the International Bank for Reconstruction and Development for reducing and managing the debt burden of the countries designated as “Highly Indebted Countries” in the 1987–1988 World Debt Tables published by such bank, and summarize the

long term strategy and lending programs of such bank for other seriously indebted countries;

(2) contains an explanation of the measures taken by such bank to facilitate the reduction of the debt burden of the countries designated as “Highly Indebted Countries” in the 1987–1988 World Debt tables¹ published by such bank;

(3) describes the extent (if any) to which such bank has implemented the measures described in subsections (b) and (c) of this section; and

(4) describes the success each of such countries has had in managing and reducing their debt burdens and achieving sustainable and equitable economic growth as measured by criteria including the ratio of debt service to exports, the ratio of debt to gross national product, net resource flows, and per capita income.

(e) Review by House Banking Committee

On receipt of each report required to be submitted pursuant to subsection (d) of this section, and after consultation with the Secretary of the Treasury, the Committee on Banking, Finance and Urban Affairs of the House of Representatives shall forward such report to the Committee on Appropriations of the House of Representatives with an assessment by the Committee on Banking, Finance and Urban Affairs describing the effect on the international debt situation of funding the subscription of the United States to the shares of capital stock of the International Bank for Reconstruction and Development due for payment by the United States in the then next fiscal year.

(Pub. L. 100–461, title V, § 555, Oct. 1, 1988, 102 Stat. 2268–36; Pub. L. 111–203, title IX, § 939(f), July 21, 2010, 124 Stat. 1886.)

AMENDMENT OF SUBSECTION (a)(6)

Pub. L. 111–203, title IX, § 939(f), (g), July 21, 2010, 124 Stat. 1886, 1887, provided that, effective 2 years after July 21, 2010, subsection (a)(6) of this section is amended by striking “credit rating” and inserting “credit-worthiness”.

CODIFICATION

Section is based on section 3 of H.R. 4645, One Hundredth Congress, as reported Sept. 28, 1988, and enacted into law by Pub. L. 100–461.

Section was not enacted as part of act July 31, 1945, ch. 339, 59 Stat. 512, known as the Bretton Woods Agreements Act, which comprises this subchapter.

CHANGE OF NAME

Committee on Banking, Finance and Urban Affairs of House of Representatives treated as referring to Committee on Banking and Financial Services of House of Representatives by section 1(a) of Pub. L. 104–14, set out as a note preceding section 21 of Title 2, The Congress. 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.

¹ So in original. Probably should be capitalized.

EFFECTIVE DATE OF 2010 AMENDMENT

Amendment by Pub. L. 111–203 effective 2 years after July 21, 2010, see section 939(g) of Pub. L. 111–203, set out as a note under section 24a of Title 12, Banks and Banking.

§ 286ii. Limitations on Bank policy based lending; actions required to be taken to oppose excessive policy based lending by Bank

The Secretary of the Treasury shall—

(1) take all necessary steps to encourage the International Bank for Reconstruction and Development to limit—

(A) the aggregate value of the policy based loans made by such bank (other than for the purpose described in section 286hh(b) of this title) in any fiscal year of such bank beginning after June 30, 1989, to 25 percent of the aggregate value of all loans made by such bank in such fiscal year; and

(B) the aggregate value of the policy based loans made by such bank to the government of a particular country (other than for the purpose described in section 286hh(b) of this title) in any fiscal year of such bank beginning after June 30, 1989, and occurring during any period of 3 consecutive fiscal years of such bank (determined after disregarding any such fiscal year in which such bank did not make a policy based loan to such government), to 50 percent of the aggregate value of all loans made by such bank to such government during such 3-year period;

(2) instruct the United States Executive Director of such bank to propose and actively seek the adoption by the board of Executive Directors of such bank of a resolution establishing as official bank operating policy for fiscal years 1990 through 1995 of such bank the limits specified in paragraph (1); and

(3) until the resolution described in paragraph (2) is adopted, undertake, in consultation with the Secretary of State, discussions with other member country governments to secure the consent and cooperation of such governments with respect to the adoption of the limits specified in paragraph (1).

(Pub. L. 100–461, title V, § 555, Oct. 1, 1988, 102 Stat. 2268–36.)

CODIFICATION

Section is based on section 4 of H.R. 4645, One Hundredth Congress, as reported Sept. 28, 1988, and enacted into law by Pub. L. 100–461.

Section was not enacted as part of act July 31, 1945, ch. 339, 59 Stat. 512, known as the Bretton Woods Agreements Act, which comprises this subchapter.

§ 286jj. Partial guarantees in connection with debt reduction for borrower countries

The Secretary of the Treasury shall instruct the United States Executive Director of the International Bank for Reconstruction and Development to initiate discussions with other directors of such bank and to propose that such bank establish criteria under which such bank would provide partial guarantees on debt service payments by borrower countries to private creditors when such guarantees would serve a catalytic role in facilitating final agreement on