

**§ 262I-1. Sustainable economic growth and management of natural resources; environmental impact of loans; pest management; addition of trained professionals; “early warning system”**

**(a) Implementation of programs to promote sustainable economic growth and management of natural resources; instructions to Executive Directors of Multilateral Development Banks**

It is the policy of the United States that participation in international financial institutions is predicated on the implementation of programs to promote environmentally sustainable economic growth and sustainable management of natural resources. The Secretary of the Treasury shall instruct the United States Executive Directors of the Multilateral Development Banks (MDB's) to continue to vigorously promote a commitment of these institutions to—

(1) add appropriately trained professional staff with expertise, and rigorously strengthen existing staffs' training in ecology and related areas;

(2) develop and implement management plans to ensure systematic environmental review of all projects;

(3) fully inform and involve host country environmental and health officials (Federal and local) and nongovernmental environmental and indigenous peoples organizations at all stages of the project cycle in environmentally sensitive projects as well as in policy based lending to ensure the active participation of local communities and non-governmental organizations in the planning of projects that may adversely affect them;

(4) substantially increase the proportion of lending supporting environmentally beneficial projects and project components, including but not limited to technical assistance for environmental ministries and institutions, resource rehabilitation projects and project components, protection of indigenous peoples, and appropriate light capital technology projects. Other examples of such projects include small scale mixed farming and multiple cropping, agroforestry, programs to promote kitchen gardens, watershed management and rehabilitation, high yield wood lots, integrated pest management systems, dune stabilization programs, programs to improve energy efficiency, energy efficient technologies such as small scale hydro projects, solar, wind and biomass energy systems, rural and mobile telecommunications systems, and improved efficiency and management of irrigation systems; and

(5) conduct analyses of the comparative costs of new generating facilities with the cost of increasing energy efficiency in the project service area.

**(b) Environmental impact of loans; instructions to Executive Directors**

The Secretary of the Treasury shall instruct the United States Executive Directors of the MDB's and, where appropriate, the International Monetary Fund (IMF) to—

(1) promote the requirement that all country lending strategies, policy based loans and ad-

justment programs contain analyses of the impact of such activities on the natural resources, potential for sustainable development, and legal protections for the land rights of indigenous peoples;

(2) promote the establishment of programs of policy-based lending in order to improve natural resource management, environmental quality, and protection of biological diversity;

(3) seek a commitment of these institutions to promote the conservation of wetlands, tropical forests, and other unique biological and highly productive ecosystems.

**(c) Repealed. Pub. L. 101-240, title V, § 541(d)(8), Dec. 19, 1989, 103 Stat. 2518**

**(d) Pest management**

In order to promote sustainable and non-chemical dependent agriculture, the Secretary of the Treasury shall instruct the United States Executive Directors of the MDB's to initiate discussions with other directors of the MDB's to propose that policies be established that integrated pest management and biological control of pests be a preferential and priority approach to pest management on all bank sponsored agricultural projects.

**(e) Instructions to Executive Director to IMF**

The Secretary of the Treasury shall instruct the United States Executive Director to the International Monetary Fund to promote the requirement that the IMF conduct an in-depth analysis of the impact of its adjustment policies and conditionality of its lending facilities on the environment, public health, natural resources and indigenous people.

**(f) Support of donor nations for additional trained professionals**

No later than March 30, 1988, the Secretary of State and the Administrator of the Agency for International Development shall initiate discussions with other donor nations, to explore ways in which said donor nations can support the addition of professionals trained in environmental and socio-cultural impact analysis to the Inter-American Development Bank, Asian Development Bank and African Development Bank. On the basis of such discussions the Secretary of State and the Administrator of the Agency for International Development shall provide resources, including professional staff on loan, and/or financial support, to ensure with other donor nations the addition of sufficient staff trained in environmental and socio-cultural impact analysis to each of the above named regional development banks.

**(g) Bilateral and multilateral discussions to strengthen environmental performance of Multilateral Development Banks**

The Secretary of the Treasury and the Secretary of State, in cooperation with the Administrator of the Agency for International Development, shall conduct bilateral and multilateral discussions with other members of the MDB's to further strengthen the environmental performance of each bank. These discussions shall include, but not be limited to organizational, administrative and procedural arrangements to remove impediments to the efficient and effective

management of assistance programs necessary to protect and ensure the sustainable use of natural resources and to carry out such assistance programs in consultation with affected local communities.

**(h) Operation of “early warning system”**

The Administrator of the Agency for International Development, in consultation with the Secretaries of Treasury and State, shall continue, and work to enhance, the operation of the “early warning system”, by—

(1) instructing overseas missions of the Agency for International Development and embassies of the United States to analyze the impacts of Multilateral Development Bank loans well in advance of a loan’s approval. Such reviews shall address the economic viability of the project; adverse impacts on the environment, natural resources, public health, and indigenous peoples; and recommendations as to measures, including alternatives, that could eliminate or mitigate adverse impacts. If not classified under the national security system of classification, such information shall be made available to the public;

(2) compiling a list of proposed Multilateral Development Bank loans likely to have adverse impacts on the environment, natural resources, public health, or indigenous peoples. The list shall contain the information identified in paragraph (1), shall be updated in consultation with interested members of the public, and shall be made available to the Committees on Appropriations by April 1, 1988 and semiannually thereafter; and

(3) creating a cooperative mechanism for sharing information collected through the “early warning system” with interested donor and borrowing nations and encouraging the Multilateral Development Banks to institute a similar system.

**(i) Adverse impacts to environment, natural resources, or indigenous peoples; instructions to Executive Director of appropriate Multilateral Development Bank**

If a review required by subsection (h) identifies adverse impacts to the environment, natural resources, or indigenous peoples, the Secretary of the Treasury shall instruct the United States Executive Director of the appropriate MDB to seek changes to the project necessary to eliminate or mitigate those impacts.

**(j) Report by February 1, 1988**

The Committee on Health and Environment of the Agency for International Development, called for in section 262I(i) of this title, shall report its findings to the Committees on Appropriations by February 1, 1988.

**(k) Report by August 1, 1988**

The Secretary of State, in consultation with the Secretary of the Treasury, the Administrator of the Agency for International Development, other appropriate Federal agencies, and interested members of the public, shall prepare and submit to the Committees on Appropriations and the appropriate authorizing committees by August 1, 1988, a report on a comprehensive strategy for maximizing the use of foreign

assistance provided by the United States through multilateral and bilateral development agencies to address natural resources problems, such as desertification, tropical deforestation, the loss of wetlands, soil conservation, preservation of wildlife and biological diversity, estuaries and fisheries, croplands and grasslands. The report shall include, but not be limited to—

(1) an identification of the multilateral and bilateral agencies funded in part or in whole by the United States Government, whose activities have, or could have, a significant impact on sustainable natural resource use, and the rights and welfare of indigenous people, in the developing countries;

(2) a description of the internal policies and procedures by which each of these agencies addresses these issues, as well as a description of their own organizational structures for doing so;

(3) an assessment of how the funds contributed by the United States to these agencies can best be used in the future to address these issues.

(Pub. L. 100-202, §101(e) [title V, §537], Dec. 22, 1987, 101 Stat. 1329-131, 1329-161; Pub. L. 101-240, title V, §541(d)(8), Dec. 19, 1989, 103 Stat. 2518.)

CODIFICATION

Section is from the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1988.

Section was formerly classified to section 262I of this title.

AMENDMENTS

1989—Subsec. (c). Pub. L. 101-240 struck out subsec. (c) which related to “debt for conservation” initiatives.

**§ 262I-2. Sustainable use of natural resources; use of agricultural and industrial chemicals**

**(a) Instructions to Executive Directors of Multilateral Development Banks**

It is the policy of the United States that sustainable economic growth must be predicated on sustainable use of natural resources. The Secretary of the Treasury shall instruct the United States Executive Directors of the Multilateral Development Banks (MDB’s) to—

(1) promote the adoption of internal guidelines requiring the use of least-cost planning techniques in evaluating proposed energy loans, and consider refusal to support power generation, utilization or energy sector loans unless cost-effective conservation measures have been fully evaluated and considered;

(2) encourage each MDB to offer technical assistance to borrower nations in preparing national energy plans. Special emphasis shall be given to least-cost analysis in making decisions on energy use and development, and such analyses shall take into account all demand-side as well as supply-side options;

(3) promote expansion of MDB expertise in the areas of energy conservation and renewable energy sources;

(4) promote the adoption of lending strategies which place increased emphasis on energy conservation and efficiency as opposed to merely increasing generating capacity;

(5) promote adoption of policies which minimize emissions of greenhouse gases;