

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-

¹ So in original. Probably should be “indicators”.

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)), 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) 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) implements or extends user fees on primary education or primary health care, including prevention and treatment efforts for HIV/AIDS, tuberculosis, malaria, and infant, child, and maternal well-being;

(2) provides for increased cost recovery from poor people to finance basic public services such as education, health care, clean water, or sanitation;

(3) reduces the country's minimum wage to a level of less than \$2 per day or undermines workers' ability to exercise effectively their internationally recognized worker rights, as defined under section 262p-4p of this title;² or

(4) promotes unsustainable extraction of resources or results in reduced budget support for environmental programs.

(c) Conditions

A country shall not be eligible for cancellation of debt under modifications to the Enhanced HIPC Initiative described in subsection (a) if the government of the country—

(1) has an excessive level of military expenditures;

(2) has repeatedly provided support for acts of international terrorism, as determined by the Secretary of State under section 4605(j)(1) of title 50 or section 2371(a) of this title;

(3) is failing to cooperate on international narcotics control matters; or

(4) engages in a consistent pattern of gross violations of internationally recognized human rights (including its military or other security forces).

(d) Programs to combat HIV/AIDS and poverty

A country that is otherwise eligible to receive cancellation of debt under the modifications to the Enhanced HIPC Initiative described in subsection (a) may receive such cancellation only if the country has agreed—

(1) to ensure that the financial benefits of debt cancellation are applied to programs to combat HIV/AIDS and poverty, in particular through concrete measures to improve basic services in health, education, nutrition, and other development priorities, and to redress environmental degradation;

(2) to ensure that the financial benefits of debt cancellation are in addition to the government's total spending on poverty reduction for the previous year or the average total of such expenditures for the previous 3 years, whichever is greater;

(3) to implement transparent and participatory policymaking and budget procedures, good governance, and effective anticorruption measures; and

(4) to broaden public participation and popular understanding of the principles and goals of poverty reduction.

(e) Definitions

In this section:

(1) Country suffering a public health crisis

The term “country suffering a public health crisis” means a country in which the HIV/AIDS infection rate, as reported in the most

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

² See References in Text note below.