

107TH CONGRESS  
2D SESSION

# S. 2210

To amend the International Financial Institutions Act to provide for modification of the Enhanced Heavily Indebted Poor Countries (HIPC) Initiative.

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IN THE SENATE OF THE UNITED STATES

APRIL 18, 2002

Mr. BIDEN (for himself, Mr. SANTORUM, Mr. KERRY, Mr. FRIST, Mr. SARBANES, Mr. CHAFEE, and Mr. DEWINE) introduced the following bill; which was read twice and referred to the Committee on Foreign Relations

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## A BILL

To amend the International Financial Institutions Act to provide for modification of the Enhanced Heavily Indebted Poor Countries (HIPC) Initiative.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Debt Relief Enhance-  
5 ment Act of 2002”.

1 **SEC. 2. MODIFICATION OF THE ENHANCED HIPC INITIA-**  
2 **TIVE.**

3 Title XVI of the International Financial Institutions  
4 Act (22 U.S.C. 262p—262p-5) is amended by adding at  
5 the end the following new section:

6 **“SEC. 1625. MODIFICATION OF THE ENHANCED HIPC INI-**  
7 **TIATIVE.**

8 “(a) **AUTHORITY.**—

9 “(1) **IN GENERAL.**—The Secretary of the  
10 Treasury shall immediately commence efforts within  
11 the Paris Club of Official Creditors, the Inter-  
12 national Bank for Reconstruction and Development,  
13 the International Monetary Fund, and other appro-  
14 priate multilateral development institutions to mod-  
15 ify the Enhanced HIPC Initiative so that the  
16 amount of debt stock reduction approved for a coun-  
17 try eligible for debt relief under the Enhanced HIPC  
18 Initiative shall be sufficient to reduce, for each of  
19 the first 3 years after the date of enactment of this  
20 Act or the Decision Point, whichever is later—

21 “(A) the net present value of the out-  
22 standing public and publicly guaranteed debt of  
23 the country to not more than 150 percent of  
24 the annual value of exports of the country for  
25 the year preceding the Decision Point; and

1           “(B) the annual payments due on such  
2           public and publicly guaranteed debt to not more  
3           than 10 percent or, in the case of a country  
4           suffering a public health crisis (as defined in  
5           subsection (e)), not more than 5 percent, of the  
6           amount of the annual current revenues received  
7           by the country from internal resources.

8           “(2) LIMITATION.—In financing the objectives  
9           of the Enhanced HIPC Initiative, an international  
10          financial institution shall give priority to using its  
11          own resources.

12          “(b) RELATION TO POVERTY AND THE ENVIRON-  
13          MENT.—Debt cancellation under the modifications to the  
14          Enhanced HIPC Initiative described in subsection (a)  
15          shall not be conditioned on any agreement by an impover-  
16          ished country to implement or comply with policies that  
17          deepen poverty or degrade the environment, including any  
18          policy that—

19                 “(1) implements or extends user fees on pri-  
20                 mary education or primary health care, including  
21                 prevention and treatment efforts for HIV/AIDS, tu-  
22                 berculosis, malaria, and infant, child, and maternal  
23                 well-being;

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

4           “(3) reduces the country’s minimum wage to a  
5 level of less than \$2 per day or undermines workers’  
6 ability to exercise effectively their internationally  
7 recognized worker rights, as defined under section  
8 526(e) of the Foreign Operations, Export Financing  
9 and Related Programs Appropriations Act, 1995 (22  
10 U.S.C. 262p–4p); or

11           “(4) promotes unsustainable extraction of re-  
12 sources or results in reduced budget support for en-  
13 vironmental programs.

14           “(c) CONDITIONS.—A country shall not be eligible for  
15 cancellation of debt under modifications to the Enhanced  
16 HIPC Initiative described in subsection (a) if the govern-  
17 ment of the country—

18           “(1) has an excessive level of military expendi-  
19 tures;

20           “(2) has repeatedly provided support for acts of  
21 international terrorism, as determined by the Sec-  
22 retary of State under section 6(j)(1) of the Export  
23 Administration Act of 1979 (50 U.S.C. App.  
24 2405(j)(1)) or section 620A(a) of the Foreign As-  
25 sistance Act of 1961 (22 U.S.C. 2371(a));

1           “(3) is failing to cooperate on international nar-  
2           cotics control matters; or

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

6           “(d) PROGRAMS TO COMBAT HIV/AIDS AND POV-  
7           ERTY.—A country that is otherwise eligible to receive can-  
8           cellation of debt under the modifications to the Enhanced  
9           HIPC Initiative described in subsection (a) may receive  
10          such cancellation only if the country has agreed—

11          “(1) to ensure that the financial benefits of  
12          debt cancellation are applied to programs to combat  
13          HIV/AIDS and poverty, in particular through con-  
14          crete measures to improve basic services in health,  
15          education, nutrition, and other development prior-  
16          ities, and to redress environmental degradation;

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

22          “(3) to implement transparent and  
23          participatory policymaking and budget procedures,  
24          good governance, and effective anticorruption meas-  
25          ures; and

1           “(4) to broaden public participation and pop-  
2           ular understanding of the principles and goals of  
3           poverty reduction.

4           “(e) DEFINITIONS.—In this section:

5           “(1) COUNTRY SUFFERING A PUBLIC HEALTH  
6           CRISIS.—The term ‘country suffering a public health  
7           crisis’ means a country in which the HIV/AIDS in-  
8           fection rate, as reported in the most recent epide-  
9           miological data for that country compiled by the  
10          Joint United Nations Program on HIV/AIDS, is at  
11          least 5 percent among women attending prenatal  
12          clinics or more than 20 percent among individuals in  
13          groups with high-risk behavior.

14          “(2) DECISION POINT.—The term ‘Decision  
15          Point’ means the date on which the executive boards  
16          of the International Bank for Reconstruction and  
17          Development and the International Monetary Fund  
18          review the debt sustainability analysis for a country  
19          and determine that the country is eligible for debt  
20          relief under the Enhanced HIPC Initiative.

21          “(3) ENHANCED HIPC INITIATIVE.—The term  
22          ‘Enhanced HIPC Initiative’ means the multilateral  
23          debt initiative for heavily indebted poor countries  
24          presented in the Report of G–7 Finance Ministers

1 on the Cologne Debt Initiative to the Cologne Eco-  
2 nomic Summit, Cologne, June 18–20, 1999.”.

3 **SEC. 3. REPORT ON EXPANSION OF DEBT RELIEF TO NON-**  
4 **HIPC COUNTRIES.**

5 (a) IN GENERAL.—Not later than 90 days after the  
6 date of enactment of this Act, the Secretary of the Treas-  
7 ury shall submit to Congress a report on—

8 (1) the options and costs associated with the  
9 expansion of debt relief provided by the Enhanced  
10 HIPC Initiative to include poor countries that were  
11 not eligible for inclusion in the Enhanced HIPC Ini-  
12 tiative;

13 (2) options for burden-sharing among donor  
14 countries and multilateral institutions of costs asso-  
15 ciated with the expansion of debt relief; and

16 (3) options, in addition to debt relief, to ensure  
17 debt sustainability in poor countries, particularly in  
18 cases when the poor country has suffered an exter-  
19 nal economic shock or a natural disaster.

20 (b) SPECIFIC OPTIONS TO BE CONSIDERED.—

21 Among the options for the expansion of debt relief pro-  
22 vided by the Enhanced HIPC Initiative, consideration  
23 should be given to making eligible for that relief poor  
24 countries for which outstanding public and publicly guar-  
25 anteed debt requires annual payments in excess of 10 per-

1 cent or, in the case of a country suffering a public health  
2 crisis (as defined in section 1625(e) of the Financial Insti-  
3 tutions Act, as added by section 2 of this Act), not more  
4 than 5 percent, of the amount of the annual current reve-  
5 nues received by the country from internal resources.

6 (c) **ENHANCED HIPC INITIATIVE DEFINED.**—In this  
7 section, the term “Enhanced HIPC Initiative” means the  
8 multilateral debt initiative for heavily indebted poor coun-  
9 tries presented in the Report of G–7 Finance Ministers  
10 on the Cologne Debt Initiative to the Cologne Economic  
11 Summit, Cologne, June 18–20, 1999.”.

12 **SEC. 4. AUTHORIZATION OF APPROPRIATIONS.**

13 (a) **IN GENERAL.**—There are authorized to be appro-  
14 priated to the President such sums as may be necessary  
15 for the fiscal year 2003 and each fiscal year thereafter  
16 to carry out section 1625 of the International Financial  
17 Institutions Act, as added by section 2 of this Act.

18 (b) **AVAILABILITY OF FUNDS.**—Amounts appro-  
19 priated pursuant to subsection (a) are authorized to re-  
20 main available until expended.

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