

107TH CONGRESS
1ST SESSION

H. R. 1567

To encourage the provision of multilateral debt cancellation for countries eligible to be considered for assistance under the Heavily Indebted Poor Countries (HIPC) Initiative or heavily affected by HIV/AIDS, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 24, 2001

Ms. LEE (for herself and Ms. WATERS) introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To encourage the provision of multilateral debt cancellation for countries eligible to be considered for assistance under the Heavily Indebted Poor Countries (HIPC) Initiative or heavily affected by HIV/AIDS, and for other purposes.

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. FINDINGS.**

4 The Congress finds the following:

5 (1) According to the United Nations, economic
6 and social factors contribute to the spread of HIV/

1 AIDS, which now infects an average of 16,000 peo-
2 ple every day.

3 (2) Due to the debt crisis in the majority of im-
4 poverished countries, substantially more money is
5 spent on debt repayment each year than on HIV/
6 AIDS prevention and treatment programs.

7 (3) Structural adjustment programs in the de-
8 veloping world, in an attempt to enable the impover-
9 ished nations to repay their debt, have required gov-
10 ernments to impose failed and often harmful policies
11 including charging user fees for the use of medical
12 clinics. These user fees can create an obstacle to ef-
13 fective prevention and treatment programs.

14 (4) In Kenya, when user fees were imposed at
15 Nairobi's Sexually Transmitted Disease clinics, at-
16 tendance decreased 35–60 percent.

17 (5) User fees have also been shown to decrease
18 the use of health clinics in Mozambique, the Congo,
19 Ghana, and Zimbabwe.

20 (6) Cuts in health clinic budgets, required by
21 structural adjustment programs, may also contribute
22 to the spread of HIV/AIDS.

23 (7) Structural adjustment programs have also
24 contributed to internal and international labor mi-
25 gration. Labor migration is associated with increase

1 in HIV transmission rates in Senegal, Ghana,
2 Benin, Nigeria, and Kenya.

3 (8) The HIV/AIDS pandemic will result in tens
4 of millions of orphaned children worldwide, creating
5 an unprecedented strain on the world's economic re-
6 sources and relief efforts.

7 (9) Secretary General of the United Nations,
8 Kofi Annan, stated in 1999 that "the impact of
9 AIDS is no less destructive than that of warfare
10 itself, and by some measures, far worse".

11 (10) Many of the same nations in Sub-Saharan
12 Africa which are crushed beneath the weight of for-
13 eign debt are experiencing catastrophic loss of life
14 and negative economic growth due largely to the
15 HIV/AIDS pandemic.

16 (11) The decision of the G-8 countries at the
17 Cologne Summit in 1999 to reduce by
18 \$100,000,000,000 the debt of the countries listed by
19 the World Bank and the International Monetary
20 Fund (IMF) as Heavily Indebted Poor Countries
21 (HIPC's) (which combined owe approximately
22 \$220,000,000,000 in debt) is a measure for which
23 only 22 have qualified. These countries have seen
24 their annual debt service reduced by an average of
25 26 percent, a level of reduction which is neither al-

1 lowing these countries a sustainable exit from debt,
2 nor freeing up substantial resources to combat pov-
3 erty and the AIDS pandemic.

4 (12) Per capita government expenditure on
5 health care in most African countries is below \$10,
6 and the per capita share of debt service to foreign
7 creditors is up to 5 times as high as public health
8 expenditure.

9 (13) The Congress enacted section 596 of the
10 Foreign Operations, Export Financing, and Related
11 Programs Appropriations Act, 2001. This dem-
12 onstrated the political commitment to eliminate user
13 fees for primary health care and education.

14 (14) A large-scale program of multilateral and
15 bilateral debt cancellation explicitly linked to HIV/
16 AIDS control would have minimal impact on creditor
17 country taxpayers and budgets.

18 (15) The active participation of all stakeholders
19 in the epidemic, in the process of negotiating debt
20 cancellation for HIV/AIDS prevention and care, is a
21 precondition for the implementation of effective pro-
22 grams.

23 (16) The United States has shown good faith
24 by providing \$435,000,000 in fiscal year 2001 for
25 bilateral debt cancellation and multilateral debt re-

1 duction. This action should encourage international
2 financial institutions to match the debt cancellation
3 efforts of the G–8 countries to ensure burden shar-
4 ing.

5 **SEC. 2. MULTILATERAL DEBT CANCELLATION EFFORTS**
6 **FOR COUNTRIES ELIGIBLE TO BE CONSID-**
7 **ERED FOR ASSISTANCE UNDER THE HEAVILY**
8 **INDEBTED POOR COUNTRIES (HIPC) INITIA-**
9 **TIVE OR HEAVILY AFFECTED BY HIV/AIDS.**

10 The Secretary of the Treasury shall instruct the
11 United States Executive Directors at the International
12 Bank for Reconstruction and Development and the Inter-
13 national Monetary Fund to use the voice, vote, and influ-
14 ence of the United States to call for a vote in their respec-
15 tive institutions on (and call for the publication of the out-
16 come of any such vote)—

17 (1) negotiating a strategy for cancelling the
18 debts owed to the institution by any country that is
19 eligible to be considered for assistance under the
20 Heavily Indebted Poor Countries (HIPC) Initiative
21 or is heavily affected by HIV/AIDS, which should
22 ensure that the savings from debt cancellation are
23 used for poverty reduction in a process that is fair
24 and transparent, and that includes the participation
25 of national governments, including parliamentary

1 bodies, nongovernmental organizations, and civil so-
2 ciety;

3 (2) in the interim, accepting an immediate mor-
4 atorium on debt service payments and accrual of in-
5 terest on such debt owed by any such country;

6 (3) encouraging each such country and civil so-
7 ciety stakeholders to ensure that—

8 (A) the national HIV/AIDS strategic plan
9 is fully funded, and that a significant propor-
10 tion of the savings from debt cancellation is
11 used for the HIV/AIDS response and other
12 health priorities, as determined locally; and

13 (B) HIV/AIDS and infectious disease con-
14 trol strategies are based upon best practices, in-
15 cluding prevention, care, treatment, orphan re-
16 sponse, and accessibility to affordable drugs
17 and social and health infrastructure; and

18 (4) using the reserve accounts or net income of
19 the institution to offset the costs of any such debt
20 cancellation.

21 **SEC. 3. OPPOSITION TO USER FEES FOR PRIMARY EDU-**
22 **CATION OR PRIMARY HEALTH CARE.**

23 The Secretary of the Treasury shall instruct the
24 United States Executive Directors at at the International
25 Bank for Reconstruction and Development and the Inter-

1 national Monetary Fund to oppose and vote against any
2 program of these institutions that would include user fees
3 or service charges for primary education or primary health
4 care, including prevention and treatment efforts for HIV/
5 AIDS, malaria, tuberculosis, and infant, child, and mater-
6 nal well-being.

7 **SEC. 4. ANTICORRUPTION STRATEGIES.**

8 The Secretary of the Treasury, in consultation with
9 appropriate governmental agencies, nongovernmental or-
10 ganizations, and civil society, shall develop strategies to
11 counter corruption in the countries described in section
12 2.

13 **SEC. 5. REPORTS.**

14 Not later than 1 year after the date of the enactment
15 of this Act, the Secretary of the Treasury shall submit
16 to the Committees on Financial Services and on Inter-
17 national Relations of the House of Representatives and
18 the Committees on Banking, Housing, and Urban Affairs
19 and on Foreign Relations of the Senate a written report
20 on all progress in debt cancellation efforts undertaken
21 pursuant to this Act and on the effects of the debt can-
22 cellation provided pursuant to this Act on funding for
23 HIV/AIDS programs, projects, activities (including any
24 vaccination approaches, health care delivery system infra-
25 structure development, HIV prevention education), and

1 the effectiveness of such programs, projects, and activities
2 in reducing the worldwide spread of HIV/AIDS. The re-
3 port should include recommendations for measures to en-
4 sure accountability in the use of the savings from such
5 debt cancellation.

6 **SEC. 6. DEFINITIONS.**

7 In this Act:

8 (1) G-8 COUNTRIES.—The term “G-8 coun-
9 tries” means the group consisting of France, Ger-
10 many, Japan, the United Kingdom, the United
11 States, Canada, Italy, and Russia established to fa-
12 cilitate economic cooperation among the 8 major
13 economic powers.

14 (2) HEAVILY AFFECTED BY HIV/AIDS.—The
15 term “heavily affected by HIV/AIDS” means, with
16 respect to a country, that the country has an HIV/
17 AIDS incidence of at least 3 percent or the country
18 has declared a national health emergency related to
19 HIV/AIDS.

20 (3) HEAVILY INDEBTED POOR COUNTRIES
21 (HIPC) INITIATIVE.—The term “Heavily Indebted
22 Poor Countries (HIPC) Initiative” means countries
23 that are eligible for consideration for highly
24 concessional assistance from the International Devel-
25 opment Association, and from the Poverty Reduction

1 and Growth Facility of the International Monetary
2 Fund.

3 (4) HIV/AIDS.—The term “HIV/AIDS” means
4 infection with the human immunodeficiency virus.
5 Such term includes the acquired immune deficiency
6 syndrome.

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