

107TH CONGRESS
1ST SESSION

H. R. 1642

To urge reforms of the Enhanced Heavily Indebted Poor Countries (HIPC) Initiative, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 26, 2001

Ms. WATERS (for herself, Mr. BACHUS, Mrs. MALONEY of New York, Mr. SANDERS, and Ms. LEE) introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To urge reforms of the Enhanced Heavily Indebted Poor Countries (HIPC) Initiative, 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. SHORT TITLE.**

4 This Act may be cited as the “Debt Cancellation for
5 the New Millennium Act”.

6 **SEC. 2. FINDINGS.**

7 The Congress finds the following:

8 (1) The Enhanced HIPC Initiative was devel-
9 oped by the countries of the G–7 during the G–7

1 Summit meeting in Cologne, Germany, June 18–20,
2 1999.

3 (2) The purpose of the Enhanced HIPC Initia-
4 tive is to provide debt relief to the world’s poorest
5 countries and enable these countries to invest the
6 savings from debt relief in HIV/AIDS treatment and
7 prevention, health care, education, and poverty re-
8 duction programs.

9 (3) The Enhanced HIPC Initiative requires
10 heavily indebted poor countries (HIPC’s) to develop
11 and implement plans known as Poverty Reduction
12 Strategy Papers (PRSP’s) with the participation of
13 civil society for the purpose of reducing poverty.

14 (4) The Enhanced HIPC Initiative has yielded
15 some promising results in some HIPC’s. For exam-
16 ple, Tanzania has eliminated school fees, Honduras
17 is offering 3 more years of free schooling for public
18 school students, and Uganda has significantly re-
19 duced the rate of HIV transmission.

20 (5) The Enhanced HIPC Initiative does not
21 provide full cancellation of the debts of HIPC’s.

22 (6) The International Monetary Fund (IMF)
23 and the International Bank for Reconstruction and
24 Development (World Bank) have sufficient resources

1 to provide full cancellation of the debts that HIPC
2 owe to these institutions.

3 (7) The Enhanced HIPC Initiative requires
4 HIPC's to implement structural adjustment pro-
5 grams approved by the IMF, which impose economic
6 austerity upon these countries and are strongly op-
7 posed by civil society in many of the countries in
8 which the programs have been implemented.

9 (8) The process of developing and implementing
10 PRSPs has required considerable time and effort on
11 the part of officials and citizens in many HIPC's,
12 and, as a result, these countries have been unable to
13 begin to receive debt relief as quickly as had been
14 planned.

15 (9) The Enhanced HIPC Initiative requires
16 HIPC's to continue to make service payments on
17 their debts while they are developing and imple-
18 menting PRSPs, as well as while they are imple-
19 menting the IMF's structural adjustment programs.

20 (10) By the end of the year 2000, only 22 out
21 of 41 HIPC's had begun to receive debt relief under
22 the Enhanced HIPC Initiative, and their debt serv-
23 ice payments have been reduced by an average of
24 only 27 percent. Furthermore, 16 of these 22 coun-

1 tries are still spending more money on debt service
2 payments than they are on health care.

3 (11) Bangladesh, Haiti, and Nigeria were ex-
4 cluded from the Enhanced HIPC Initiative, although
5 they are impoverished countries with significant debt
6 burdens.

7 (12) The complete cancellation of the debts of
8 impoverished countries will remove a major impedi-
9 ment to poverty reduction and economic growth, en-
10 able these countries to invest their resources in HIV/
11 AIDS treatment and prevention, health care, edu-
12 cation, and poverty reduction, and give these coun-
13 tries a fresh start in the new millennium.

14 **SEC. 3. REFORMS OF THE ENHANCED HIPC INITIATIVE.**

15 Title XVI of the International Financial Institutions
16 Act (22 U.S.C. 262p–262p–7) is amended by adding at
17 the end the following:

18 **“SEC. 1625. REFORMS OF THE ENHANCED HIPC INITIATIVE.**

19 “Congress urges the President to commence imme-
20 diately efforts, within the Paris Club of Official Creditors,
21 as well as the International Bank for Reconstruction and
22 Development (World Bank), the International Monetary
23 Fund (IMF), and other appropriate multilateral develop-
24 ment institutions to accomplish the following modifica-

1 tions in the Enhanced Heavily Indebted Poor Countries
2 (HIPC) Initiative:

3 “(1) FULL DEBT CANCELLATION.—The amount
4 of debt relief provided by the IMF and the World
5 Bank under the Enhanced HIPC Initiative for the
6 benefit of a HIPC shall be sufficient to completely
7 cancel 100 percent of the debts owed by the HIPC
8 to these institutions. Debt cancellation shall be pro-
9 vided by the IMF and the World Bank using their
10 own resources.

11 “(2) PROHIBITION ON STRUCTURAL ADJUST-
12 MENT PROGRAMS.—The provision of debt relief
13 under the Enhanced HIPC Initiative shall not be
14 conditioned on any country adopting or imple-
15 menting any structural adjustment or stabilization
16 program of the Poverty Reduction and Growth Fa-
17 cility of the IMF or any other structural adjustment
18 or stabilization program operated solely or jointly by
19 the IMF or the World Bank.

20 “(3) IMMEDIATE SUSPENSION OF DEBT SERV-
21 ICE PAYMENTS FOR COUNTRIES DEVELOPING
22 PRSPs.—All HIPCs that are working in good faith
23 to develop and implement their Poverty Reduction
24 Strategy Papers (PRSPs) pursuant to the Enhanced
25 HIPC Initiative shall not be required to make serv-

1 ice payments on their debts. The PRSPs shall be de-
2 veloped and implemented with the participation of
3 civil society in order to ensure that the savings from
4 debt relief will be invested in HIV/AIDS treatment
5 and prevention, health care, education, and poverty
6 reduction programs.

7 “(4) COUNTRY ELIGIBILITY.—The eligibility re-
8 quirements of the Enhanced HIPC Initiative shall be
9 revised to make Bangladesh, Haiti, and Nigeria eli-
10 gible.”.

11 **SEC. 4. TECHNICAL ASSISTANCE.**

12 The Secretary of the Treasury shall provide or other-
13 wise arrange for the provision of technical assistance upon
14 request to heavily indebted poor countries (within the
15 meaning of the Enhanced Heavily Indebted Poor Coun-
16 tries (HIPC) Initiative) regarding compliance with all con-
17 ditions for debt relief pursuant to the Enhanced HIPC
18 Initiative, including the development and implementation
19 of their Poverty Reduction Strategy Papers (PSRPs). The
20 Secretary of the Treasury shall inform all such countries
21 of the availability of the technical assistance within 30
22 days after the date of the enactment of this Act.

23 **SEC. 5. REPORT TO THE CONGRESS.**

24 Not later than December 31 of each year, the Presi-
25 dent shall submit to the Committees on Financial Serv-

1 ices, on Appropriations, and on International Relations of
2 the House of Representatives and the Committees on For-
3 eign Relations, on Banking, Housing, and Urban Affairs,
4 and on Appropriations of the Senate a report, which shall
5 be made available to the public, on the activities under-
6 taken under this Act, and on the progress made in accom-
7 plishing the modifications to the Enhanced HIPC Initia-
8 tive called for in this Act, for the preceding fiscal year.

