

107TH CONGRESS  
2D SESSION

# H. R. 4524

To ensure that the Enhanced Highly Indebted Poor Countries Initiative achieves the objective of substantially increasing resources available for human development and poverty reduction in heavily indebted poor countries, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 18, 2002

Mr. SMITH of New Jersey (for himself, Mr. LaFALCE, Mr. BACHUS, Mr. FRANK, Mr. LEACH, Ms. WATERS, and Mr. KUCINICH) introduced the following bill; which was referred to the Committee on International Relations, and in addition to the Committee on Financial Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To ensure that the Enhanced Highly Indebted Poor Countries Initiative achieves the objective of substantially increasing resources available for human development and poverty reduction in heavily indebted poor countries, 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 Relief Enhance-  
5   ment Act of 2002”.

1 **SEC. 2. MODIFICATION OF ENHANCED HIPC INITIATIVE.**

2 (a) IN GENERAL.—The Secretary of the Treasury  
3 shall immediately commence efforts within the Paris Club  
4 of Official Creditors, the International Bank for Recon-  
5 struction and Development, the International Monetary  
6 Fund, and other appropriate multilateral development in-  
7 stitutions to modify the Enhanced HIPC Initiative so that  
8 the amount of debt stock reduction approved for a country  
9 eligible for debt relief under the Enhanced HIPC Initiative  
10 shall be sufficient to reduce, for at least each year through  
11 2005, or each of the first 3 years after the Decision  
12 Point—

13 (1) the net present value of the outstanding  
14 public and publicly guaranteed debt of the country  
15 to not more than 150 percent of the annual value  
16 of exports of the country for the year preceding the  
17 Decision Point; and

18 (2) the annual payments due on such public  
19 and publicly guaranteed debt—

20 (A) to not more than 10 percent of the  
21 amount of the annual current revenues received  
22 by the country from internal sources; or

23 (B) in the case of a country suffering a se-  
24 vere public health crisis, to not more than 5  
25 percent of the amount of the annual current

1 revenues received by the country from internal  
2 sources.

3 (b) DEFINITIONS.—In this section:

4 (1) ENHANCED HIPC INITIATIVE.—The term  
5 “Enhanced HIPC Initiative” means the multilateral  
6 debt initiative for heavily indebted poor countries  
7 presented in the Report of G–7 Finance Ministers  
8 on the Cologne Debt Initiative to the Cologne Eco-  
9 nomic Summit, Cologne, 18–20 June, 1999.

10 (2) DECISION POINT.—The term “Decision  
11 Point” means, with respect to a country, the point  
12 in time at which the Executive Boards of the Inter-  
13 national Bank for Reconstruction and Development  
14 and the International Monetary Fund review the  
15 debt sustainability analysis for the country and de-  
16 cide that the country is eligible for debt relief under  
17 the Enhanced HIPC Initiative.

18 (3) PUBLIC HEALTH CRISIS.—A country is  
19 deemed to be suffering a “public health crisis” if—

20 (A) the nationwide HIV/AIDS infection  
21 rate for the country, as reported in the most re-  
22 cent epidemiological data as compiled by the  
23 Joint United Nations Program on HIV/AIDS,  
24 is at least 5 percent among women attending

1 prenatal clinics, or 20 percent or more among  
2 individuals in groups with high-risk behavior; or  
3 (B) the country is suffering a health crisis  
4 or epidemic, as defined by the World Health  
5 Organization.

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

8 (a) IN GENERAL.—Within 90 days after the date of  
9 the enactment of this Act, the Secretary of the Treasury  
10 shall submit to the Congress a report on—

11 (1) the options and costs associated with ex-  
12 panding debt relief to include poor countries who  
13 were not eligible for inclusion in the Enhanced  
14 HIPC Initiative (as defined in section 2(b)(1));

15 (2) options for burden-sharing among donor  
16 countries and multilateral institutions of costs asso-  
17 ciated with expanding debt relief; and

18 (3) options, in addition to the Enhanced HIPC  
19 Initiative (as so defined), to ensure debt sustain-  
20 ability in poor countries, particularly in cases when  
21 the poor country has suffered an external economic  
22 shock or a natural disaster.

23 (b) SPECIFIC OPTIONS TO BE CONSIDERED.—  
24 Among the options for expansion of debt relief, consider-  
25 ation should be given to making eligible for the relief poor

1 countries for which outstanding public and publicly guar-  
2 anteed debt requires annual payments in excess of 10 per-  
3 cent of the amount of the annual current revenues received  
4 by the countries from internal sources.

5 **SEC. 4. DEBT RELIEF FOR THE POOREST COUNTRIES.**

6 (a) **AUTHORITY TO REDUCE DEBT.**—The President  
7 may reduce amounts owed to the United States (or any  
8 agency of the United States) by an eligible country as a  
9 result of—

10 (1) guarantees issued under sections 221 and  
11 222 of the Foreign Assistance Act of 1961;

12 (2) credits extended or guarantees issued under  
13 the Arms Export Control Act; or

14 (3) any obligation or portion of such obligation,  
15 to pay for purchases of United States agricultural  
16 commodities guaranteed by the Commodity Credit  
17 Corporation under export credit guarantee programs  
18 authorized pursuant to section 5(f) of the Com-  
19 modity Credit Corporation Charter Act of June 29,  
20 1948, section 4(b) of the Food for Peace Act of  
21 1966, or section 202 of the Agricultural Trade Act  
22 of 1978.

23 (b) **LIMITATIONS.**—(1) The authority provided by  
24 subsection (a) may be exercised only to implement multi-

1 lateral official debt relief and referendum agreements,  
2 commonly referred to as “Paris Club Agreed Minutes”.

3 (2) The authority provided by subsection (a) may be  
4 exercised only in such amounts or to such extent as is pro-  
5 vided in advance by appropriations Acts.

6 (3) The authority provided by subsection (a) may be  
7 exercised only with respect to countries with heavy debt  
8 burdens that are eligible to borrow from the International  
9 Development Association, but not from the International  
10 Bank for Reconstruction and Development, commonly re-  
11 ferred to as “IDA-only” countries.

12 (c) CONDITIONS.—The authority provided by sub-  
13 section (a) may be exercised only with respect to a country  
14 whose government—

15 (1) does not have an excessive level of military  
16 expenditures;

17 (2) has not repeatedly provided support for acts  
18 of international terrorism and is not failing to co-  
19 operate with the United States on efforts to combat  
20 international terrorism;

21 (3) is not failing to cooperate on international  
22 narcotics control matters;

23 (4) (including its military or other security  
24 forces) does not engage in a consistent pattern of

1 gross violations of internationally recognized human  
2 rights;

3 (5) is not ineligible for assistance because of the  
4 application of section 527 of the Foreign Relations  
5 Authorization Act, Fiscal Years 1994 and 1995; and

6 (6) has not been designated, in the most recent  
7 Department of State ‘Trafficking in Persons Re-  
8 port’, as a ‘Tier 3’ nation pursuant to the Victims  
9 of Trafficking and Violence Protection Act of 2000  
10 (Public Law 106–386) for its failure to cooperate on  
11 international trafficking in persons prevention ef-  
12 forts.

13 (d) ADDITIONAL REQUIREMENTS RELATING TO AC-  
14 TIONS TO PREVENT HIV/AIDS AND POVERTY.—In addi-  
15 tion to the requirements of subsection (c), the authority  
16 provided by subsection (a) may be exercised only with re-  
17 spect to an eligible country if the country has agreed  
18 that—

19 (1) the financial benefits of debt reduction will  
20 be applied to programs to combat HIV/AIDS and  
21 poverty, in particular through concrete measures to  
22 improve basic services in health, education, nutri-  
23 tion, and other development priorities, and to re-  
24 dress environmental degradation;

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

6           (3) the eligible country will implement trans-  
7       parent and participatory policy making and budget  
8       procedures, good governance, and effective anti-cor-  
9       ruption measures; and

10          (4) the eligible country will broaden public par-  
11       ticipation and popular understanding of the prin-  
12       ciples and goals of poverty reduction.

13       (e) AVAILABILITY OF FUNDS.—The authority pro-  
14   vided by subsection (a) may be used only with regard to  
15   funds appropriated by an Act making appropriations for  
16   foreign operations, export financing, and related programs  
17   under the heading “Debt Restructuring”.

18       (f) CERTAIN PROHIBITIONS INAPPLICABLE.—A re-  
19   duction of debt pursuant to subsection (a) shall not be  
20   considered assistance for purposes of any provision of law  
21   limiting assistance to a country. The authority provided  
22   by subsection (a) may be exercised notwithstanding sec-  
23   tion 620(r) of the Foreign Assistance Act of 1961 or sec-  
24   tion 321 of the International Development and Food As-  
25   sistance Act of 1975.



1 **SEC. 5. MODIFICATION OF DETERMINATION OF COUNTRIES**  
2 **SUPPORTING TERRORISM UNDER CERTAIN**  
3 **INTERNATIONAL AFFAIRS LAWS.**

4 (a) FOREIGN ASSISTANCE ACT OF 1961.—

5 (1) GENERAL PROHIBITION ON ASSISTANCE.—

6 Section 620A(a) of the Foreign Assistance Act of  
7 1961 (22 U.S.C. 2371(a)) is amended by inserting  
8 after “international terrorism” the following: “or  
9 has failed to cooperate with the United States on ef-  
10 forts to combat international terrorism”.

11 (2) ENTERPRISE FOR THE AMERICAS INITIA-  
12 TIVE.—Section 703(a)(2) of such Act (22 U.S.C.  
13 2430b(a)(2)) is amended by inserting after “inter-  
14 national terrorism” the following: “and has cooper-  
15 ated with the United States on efforts to combat  
16 international terrorism”.

17 (b) ARMS EXPORT CONTROL ACT.—

18 (1) GENERAL PROHIBITION ON TRANS-  
19 ACTIONS.—Section 40(d) of the Arms Export Con-  
20 trol Act (22 U.S.C. 2780(d)) is amended in the first  
21 sentence by inserting after “international terrorism”  
22 the following: “or has failed to cooperate with the  
23 United States on efforts to combat international ter-  
24 rorism”.

25 (2) TRANSFER OF MISSILE EQUIPMENT OR  
26 TECHNOLOGY BY UNITED STATES PERSON.—Section

1       72(c) of such Act (22 U.S.C. 2797a(c)) is amended  
2       by inserting after “international terrorism” the fol-  
3       lowing: “or has failed to cooperate with the United  
4       States on efforts to combat international terrorism”.

5               (3) TRANSFER OF MISSILE EQUIPMENT OR  
6       TECHNOLOGY BY FOREIGN PERSON.—Section 73(f)  
7       of such Act (22 U.S.C. 2797b(f)) is amended by in-  
8       serting after “international terrorism” the following:  
9       “or has failed to cooperate with the United States  
10      on efforts to combat international terrorism”.

11              (4) TRANSFER OF CHEMICAL OR BIOLOGICAL  
12      WEAPONS BY FOREIGN PERSON.—Section  
13      81(a)(2)(B) of such Act (22 U.S.C. 2798(a)(2)(B))  
14      is amended by inserting after “international ter-  
15      rorism” the following: “or has failed to cooperate  
16      with the United States on efforts to combat inter-  
17      national terrorism”.

18      (c) EXPORT ADMINISTRATION ACT OF 1979.—

19              (1) GENERAL REQUIREMENTS.—Section  
20      6(j)(1)(A) of the Export Administration Act of 1979  
21      (50 U.S.C. app. 2405(j)(1)(A)) is amended—

22                      (A) in subsection (j)(1)(A), by inserting  
23                      after “international terrorism” the following:  
24                      “or has failed to cooperate with the United

1 States on efforts to combat international ter-  
2 rorism”; and

3 (B) in subsection (l)(3)(B), by inserting  
4 after “international terrorism” the following:  
5 “or to have failed to cooperate with the United  
6 States on efforts to combat international ter-  
7 rorism”.

8 (2) TRANSFER OF CHEMICAL OR BIOLOGICAL  
9 WEAPONS BY FOREIGN PERSON.—Section  
10 11C(a)(2)(B) of such Act (50 U.S.C. app.  
11 2410c(a)(2)(B)) is amended by inserting after  
12 “international terrorism” the following: “or has  
13 failed to cooperate with the United States on efforts  
14 to combat international terrorism”.

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