

108TH CONGRESS
1ST SESSION

H. R. 643

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

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 6, 2003

Ms. WATERS (for herself, Mr. LEACH, Mr. FRANK of Massachusetts, 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 does not
15 provide full cancellation of the debts of HIPC’s.

16 (5) The International Monetary Fund (IMF)
17 and the International Bank for Reconstruction and
18 Development (World Bank) have sufficient resources
19 to provide full cancellation of the debts that HIPC’s
20 owe to these institutions.

21 (6) The Enhanced HIPC Initiative requires
22 HIPC’s to implement structural adjustment pro-
23 grams approved by the IMF, which impose economic
24 austerity upon these countries and are strongly op-

1 posed by civil society in many of the countries in
2 which the programs have been implemented.

3 (7) The process of developing and implementing
4 PRSPs has required considerable time and effort on
5 the part of officials and citizens in many HIPC's,
6 and, as a result, these countries have been unable to
7 begin to receive debt relief as quickly as had been
8 planned.

9 (8) The Enhanced HIPC Initiative requires
10 HIPC's to continue to make service payments on
11 their debts while they are developing and imple-
12 menting PRSPs, as well as while they are imple-
13 menting the IMF's structural adjustment programs.

14 (9) Many HIPC's have experienced revenue
15 losses as a result of reductions in prices for export
16 commodities. These revenue losses have reduced sig-
17 nificantly the benefits of debt relief.

18 (10) Bangladesh, Haiti, and Nigeria were ex-
19 cluded from the Enhanced HIPC Initiative, although
20 they are impoverished countries with significant debt
21 burdens.

22 (11) The complete cancellation of the debts of
23 impoverished countries will remove a major impedi-
24 ment to poverty reduction and economic growth, en-
25 able these countries to invest their resources in HIV/

1 AIDS treatment and prevention, health care, edu-
2 cation, and poverty reduction, and give these coun-
3 tries a fresh start in the new millennium.

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

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

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

9 “Congress urges the President to commence imme-
10 diately efforts, within the Paris Club of Official Creditors,
11 as well as the International Bank for Reconstruction and
12 Development (World Bank), the International Monetary
13 Fund (IMF), and other appropriate multilateral develop-
14 ment institutions to accomplish the following modifica-
15 tions in the Enhanced Heavily Indebted Poor Countries
16 (HIPC) Initiative:

17 “(1) FULL DEBT CANCELLATION.—The amount
18 of debt relief provided by the IMF and the World
19 Bank under the Enhanced HIPC Initiative for the
20 benefit of a HIPC shall be sufficient to completely
21 cancel 100 percent of the debts owed by the HIPC
22 to these institutions. Debt cancellation shall be pro-
23 vided by the IMF and the World Bank using their
24 own resources.

1 “(2) PROHIBITION ON STRUCTURAL ADJUST-
2 MENT PROGRAMS.—The provision of debt relief
3 under the Enhanced HIPC Initiative shall not be
4 conditioned on any country adopting or imple-
5 menting any structural adjustment or stabilization
6 program of the Poverty Reduction and Growth Fa-
7 cility of the IMF or any other structural adjustment
8 or stabilization program operated solely or jointly by
9 the IMF or the World Bank.

10 “(3) IMMEDIATE SUSPENSION OF DEBT SERV-
11 ICE PAYMENTS FOR COUNTRIES DEVELOPING
12 PRSPs.—All HIPCs that are working in good faith
13 to develop and implement their Poverty Reduction
14 Strategy Papers (PRSPs) pursuant to the Enhanced
15 HIPC Initiative shall not be required to make serv-
16 ice payments on their debts. The PRSPs shall be de-
17 veloped and implemented with the participation of
18 civil society in order to ensure that the savings from
19 debt relief will be invested in HIV/AIDS treatment
20 and prevention, health care, education, and poverty
21 reduction programs.

22 “(4) COUNTRY ELIGIBILITY.—The eligibility re-
23 quirements of the Enhanced HIPC Initiative shall be
24 revised to make Bangladesh, Haiti, and Nigeria eli-
25 gible.”.

1 **SEC. 4. TECHNICAL ASSISTANCE.**

2 The Secretary of the Treasury shall provide or other-
3 wise arrange for the provision of technical assistance upon
4 request to heavily indebted poor countries (within the
5 meaning of the Enhanced Heavily Indebted Poor Coun-
6 tries (HIPC) Initiative) regarding compliance with all con-
7 ditions for debt relief pursuant to the Enhanced HIPC
8 Initiative, including the development and implementation
9 of their Poverty Reduction Strategy Papers (PSRPs). The
10 Secretary of the Treasury shall inform all such countries
11 of the availability of the technical assistance within 30
12 days after the date of the enactment of this Act.

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

14 Not later than December 31 of each year, the Presi-
15 dent shall submit to the Committees on Financial Serv-
16 ices, on Appropriations, and on International Relations of
17 the House of Representatives and the Committees on For-
18 eign Relations, on Banking, Housing, and Urban Affairs,
19 and on Appropriations of the Senate a report, which shall
20 be made available to the public, on the activities under-
21 taken under this Act, and on the progress made in accom-
22 plishing the modifications to the Enhanced HIPC Initia-
23 tive called for in this Act, for the preceding fiscal year.

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