II

109TH CONGRESS
1ST SESSION

S. 1320

To provide multilateral debt cancellation for Heavily Indebted Poor Countries, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JUNE 28, 2005

Mr. DEWINE (for himself, Mr. BIDEN, Mr. SANTORUM, Mr. FEINGOLD, Mr. LUGAR, and Mr. OBAMA) introduced the following bill; which was read twice and referred to the Committee on Foreign Relations

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A BILL

To provide multilateral debt cancellation for Heavily Indebted Poor Countries, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Multilateral Debt Relief Act of 2005''.

SEC. 2. FINDINGS.

Congress makes the following findings:

(1) In 1996, the international community created the Heavily Indebted Poor Countries Initiative (the HIPC Initiative) to reduce the debt burden that

curtailed spending on economic development and poverty-reducing programs in many impoverished countries.

(2) Since adoption of the original HIPC Initiative in 1996 and the Enhanced HIPC Initiative in 1999, donor countries have committed more than $50,000,000,000 in bilateral and multilateral debt stock cancellation to eligible countries.

(3) The 27 countries that have received debt relief through the HIPC Initiative are estimated by World Bank and the International Monetary Fund to have increased poverty reduction expenditures by an average of approximately 75 percent between 1999 and 2004.

(4) Congress has demonstrated its support for bilateral and multilateral debt relief through the enactment of comprehensive debt relief initiatives for heavily indebted poor countries by title V of H.R. 3425 of the 106th Congress, as enacted into law by section 1000(a)(5) of the Act entitled "An Act making consolidated appropriations for the fiscal year ending September 30, 2000, and for other purposes", approved November 29, 1999 (Public Law 106–113; 113 Stat. 1501–311) and the amendments made by such title, title II of H.R. 5526 of the

106th Congress, as enacted into law by section 101(a) of the Act entitled "An Act making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 2001, and for other purposes", approved November 6, 2000 (Public Law 106–429; 114 Stat. 1900A–5), and title V of the United States Leadership Against HIV/AIDS, Tuberculosis, and Malaria Act of 2003 (Public Law 108–25; 117 Stat. 747) and the amendment made by such title.

(5) A number of countries, including the United States, have canceled 100 percent of the bilateral loans made by such countries to countries that are eligible for debt relief under the Enhanced HIPC Initiative, and other major donor nations have canceled a large percentage of such loans, however, a number of countries eligible for such debt relief will continue to owe substantial debts to international financial institutions such as the International Monetary Fund, the International Development Association, and the African Development Fund.

(6) Permanently canceling 100 percent of the debt owed by the countries that are eligible for debt relief under the Enhanced HIPC Initiative to multilateral institutions would allow countries to increase

investments in economic and social infrastructure, including improving the quality of and access to health care, education, and poverty reduction programs, and thereby help them to move towards sustainable economic growth and to achieve the Millennium Development Goals set out in United Nations Millennium Declaration, resolution 55/1 adopted by the General Assembly of the United Nations on September 8, 2000, for eradicating extreme poverty and hunger and promoting human development.

(7) On June 11, 2005, finance ministers representing the members of the Group of 8 agreed to make a proposal, prior to September 2005, to the shareholders of the World Bank, the International Monetary Fund, and the African Development Bank, for the immediate cancellation of 100 percent of the debt stock owed to such institutions by 18 eligible countries, and the eventual cancellation of such debt owed by an additional 20 countries.

(8) That proposal would cancel approximately $40,000,000,000 in debt stock owed by 18 countries immediately, and would ultimately result in the cancellation of a total of approximately $56,000,000,000 in debt stock owed by 38 countries, saving such countries, on average, $1,500,000,000

each year in debt service payments. To offset foregone interest and principal repayments, donors would provide additional resources to the World Bank and African Development Bank for grants and lending to the poorest countries for investments in the health, education, and well-being of the people of such countries.

SEC. 3. DEFINITIONS.

In this Act:

(1) ELIGIBLE COUNTRY.—The term ‘‘eligible country’’ means a country whose government is described in paragraphs (1) through (5) of section 557(c) of H.R. 3422 of the 106th Congress, as enacted into law by section 1000(a)(2) of the Act entitled ‘‘An Act making consolidated appropriations for the fiscal year ending September 30, 2000, and for other purposes’’, approved November 29, 1999 (Public Law 106–113; 113 Stat. 1501A–101)

(2) ENHANCED HIPC INITIATIVE.—The term ‘‘Enhanced HIPC Initiative’’ has the meaning given that term in section 1625 of the International Financial Institutions Act (22 U.S.C. 262p–8).

(3) HIPC INITIATIVE.—The term ‘‘HIPC Initiative’’ means the initiative established in 1996 by the World Bank and the International Monetary

Fund for the purpose of reducing the debt burdens of the world's poorest countries.

(4) INTERNATIONAL FINANCIAL INSTITUTION.—The term ''international financial institution'' means the World Bank, the International Monetary Fund, the Inter-American Development Bank, the African Development Bank, and the African Development Fund.

(5) MEMBERS OF THE GROUP OF 8.—The term ''members of the Group of 8'' means Canada, France, Germany, Italy, Japan, Russia, the United Kingdom, and the United States.

(6) WORLD BANK.—The term ''World Bank'' means the International Bank for Reconstruction and Development, the International Development Association, the International Finance Corporation, and the Multilateral Investment Guarantee Agency.

SEC. 4. AUTHORITY.

(a) IN GENERAL.—The Secretary of the Treasury is authorized to instruct the Untied States Executive Director of each international financial institution to use the voice and vote of the United States to reach an agreement among the shareholders of such international financial institutions to permanently cancel 100 percent of the debts owed to each such institution by an eligible country.

(b) RELATIONSHIP TO OTHER LAWS.—The authority provided in subsection (a) is in addition to any other authority of the Secretary of the Treasury to promote debt relief and may not be construed to limit any such other authority.

(c) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the President such sums as may be necessary for the United States contribution to the implementation of the agreement referred to in subsection (a), if other members of the international financial institutions contribute funds for such purpose.

SEC. 5. SENSE OF CONGRESS ON DEBT RELIEF.

It is the sense of Congress that the Secretary of the Treasury should pursue additional bilateral and multilateral debt relief for each country that is eligible for grant assistance from the International Development Association.

SEC. 6. CONTRIBUTIONS TO MULTILATERAL DEVELOPMENT BANKS.

(a) WORLD BANK.—The International Development Association Act (22 U.S.C. 284 et seq.) is amended by adding at the end the following new section:

"SEC. 23. FOURTEENTH REPLENISHMENT.

"(a) CONTRIBUTION AUTHORITY.—

"(1) IN GENERAL.—The United States Governor of the Association is authorized to contribute on behalf of the United States such sums as may be necessary to the fourteenth replenishment of the resources of the Association.

"(2) SUBJECT TO APPROPRIATIONS.—Any commitment to make the contribution authorized by paragraph (1) shall be effective only to such extent or in such amounts as are provided in advance in appropriations Acts.

"(b) AUTHORIZATION OF APPROPRIATIONS.—For the contribution authorized by subsection (a), there are authorized to be appropriated such sums as may be necessary for payment by the Secretary of the Treasury.".

(b) AFRICAN DEVELOPMENT BANK FUND.—The African Development Fund Act (22 U.S.C. 290g et seq.) is amended by adding at the end the following new section:

"SEC. 218. TENTH REPLENISHMENT.

"(a) CONTRIBUTION AUTHORITY.—

"(1) IN GENERAL.—The United States Governor of the Fund is authorized to contribute on behalf of the United States such sums as may be necessary to the tenth replenishment of the resources of the Fund.

"(2) SUBJECT TO APPROPRIATIONS.—Any commitment to make the contribution authorized by paragraph (1) shall be effective only to such extent or in such amounts as are provided in advance in appropriations Acts.

"(b) AUTHORIZATION OF APPROPRIATIONS.—For the contribution authorized by subsection (a), there are authorized to be appropriated such sums as may be necessary for payment by the Secretary of the Treasury.".

SEC. 7. AUTHORIZATION OF APPROPRIATIONS OF THE ENHANCED HIPC INITIATIVE.

There is authorized to be appropriated to the President such sums as may be necessary for the President to contribute on behalf of the United States to fulfill the commitments made by the United States related to the Enhanced HIPC Initiative.

SEC. 8. REPORTS TO CONGRESS.

(a) REQUIREMENT.—Not later than 180 days after the date of enactment of this Act, and annually thereafter, the Secretary of the Treasury shall submit to the appropriate congressional committees a report on the status of negotiations to achieve bilateral and multilateral debt relief for impoverished, highly indebted countries that did not benefit from the HIPC Initiative or the Enhanced HIPC Initiative.

(b) APPROPRIATE CONGRESSIONAL COMMITTEES DEFINED.—In this section, the term "appropriate congressional committees" means the Committee on Appropriations and the Committee on Foreign Relations of the Senate and the Committee on Appropriations and the Committee on International Relations of the House of Representatives.

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