

107TH CONGRESS  
1ST SESSION

# H. R. 1642

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

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## 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

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## 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 (HIPCs) to develop  
11 and implement plans known as Poverty Reduction  
12 Strategy Papers (PRSPs) 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 HIPCs. 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 HIPCs.

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 HIPCs 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 HIPCs,  
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 HIPCs 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 HIPCs 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.

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