

109TH CONGRESS
1ST SESSION

H. R. 3191

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

IN THE HOUSE OF REPRESENTATIVES

JUNE 30, 2005

Mr. SMITH of New Jersey (for himself and Mr. PAYNE) introduced the following bill; which was referred to the Committee on Financial Services, and in addition to the Committee on International Relations, 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

A BILL

To provide multilateral debt cancellation for 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 “Multilateral Debt Re-
5 lief Act of 2005”.

6 **SEC. 2. FINDINGS.**

7 Congress makes the following findings:

1 (1) In 1996, the international community cre-
2 ated the Heavily Indebted Poor Countries Initiative
3 (the HIPC Initiative) to reduce the debt burden that
4 curtailed spending on economic development and
5 poverty-reducing programs in many impoverished
6 countries.

7 (2) Since adoption of the original HIPC Initia-
8 tive in 1996 and the Enhanced HIPC Initiative in
9 1999, donor countries have committed more than
10 \$50,000,000,000 in bilateral and multilateral debt
11 stock cancellation to eligible countries.

12 (3) The 27 countries that have received debt re-
13 lief through the HIPC Initiative are estimated by
14 World Bank and the International Monetary Fund
15 to have increased poverty reduction expenditures by
16 an average of approximately 75 percent between
17 1999 and 2004.

18 (4) Congress has demonstrated its support for
19 bilateral and multilateral debt relief through the en-
20 actment of comprehensive debt relief initiatives for
21 heavily indebted poor countries by title V of H.R.
22 3425 of the 106th Congress, as enacted into law by
23 section 1000(a)(5) of the Act entitled “An Act mak-
24 ing consolidated appropriations for the fiscal year
25 ending September 30, 2000, and for other pur-

1 poses”, approved November 29, 1999 (Public Law
2 106–113; 113 Stat. 1501–311) and the amendments
3 made by such title, title II of H.R. 5526 of the
4 106th Congress, as enacted into law by section
5 101(a) of the Act entitled “An Act making appro-
6 priations for foreign operations, export financing,
7 and related programs for the fiscal year ending Sep-
8 tember 30, 2001, and for other purposes”, approved
9 November 6, 2000 (Public Law 106–429; 114 Stat.
10 1900A–5), and title V of the United States Leader-
11 ship Against HIV/AIDS, Tuberculosis, and Malaria
12 Act of 2003 (Public Law 108–25; 117 Stat. 747)
13 and the amendment made by such title.

14 (5) A number of countries, including the United
15 States, have canceled 100 percent of the bilateral
16 loans made by such countries to countries that are
17 eligible for debt relief under the Enhanced HIPC
18 Initiative, and other major donor nations have can-
19 celed a large percentage of such loans, however, a
20 number of countries eligible for such debt relief will
21 continue to owe substantial debts to international fi-
22 nancial institutions such as the International Mone-
23 tary Fund, the International Development Associa-
24 tion, and the African Development Fund.

1 (6) Permanently canceling 100 percent of the
2 debt owed by the countries that are eligible for debt
3 relief under the Enhanced HIPC Initiative to multi-
4 lateral institutions would allow countries to increase
5 investments in economic and social infrastructure,
6 including improving the quality of and access to
7 health care, education, and poverty reduction pro-
8 grams, and thereby help them to move towards sus-
9 tainable economic growth and to achieve the Millen-
10 nium Development Goals set out in United Nations
11 Millennium Declaration, resolution 55/1 adopted by
12 the General Assembly of the United Nations on Sep-
13 tember 8, 2000, for eradicating extreme poverty and
14 hunger and promoting human development.

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

24 (8) That proposal would cancel approximately
25 \$40,000,000,000 in debt stock owed by 18 countries

1 immediately, and would ultimately result in the can-
2 cellation of a total of approximately
3 \$56,000,000,000 in debt stock owed by 38 countries,
4 saving such countries, on average, \$1,500,000,000
5 each year in debt service payments. To offset fore-
6 gone interest and principal repayments, donors
7 would provide additional resources to the World
8 Bank and African Development Bank for grants and
9 lending to the poorest countries for investments in
10 the health, education, and well-being of the people of
11 such countries.

12 **SEC. 3. DEFINITIONS.**

13 In this Act:

14 (1) **ELIGIBLE COUNTRY.**—The term “eligible
15 country” means a country whose government is de-
16 scribed in paragraphs (1) through (5) of section
17 557(c) of H.R. 3422 of the 106th Congress, as en-
18 acted into law by section 1000(a)(2) of the Act enti-
19 tled “An Act making consolidated appropriations for
20 the fiscal year ending September 30, 2000, and for
21 other purposes”, approved November 29, 1999
22 (Public Law 106–113; 113 Stat. 1501A–101).

23 (2) **ENHANCED HIPC INITIATIVE.**—The term
24 “Enhanced HIPC Initiative” has the meaning given

1 that term in section 1625 of the International Fi-
2 nancial Institutions Act (22 U.S.C. 262p-8).

3 (3) HIPC INITIATIVE.—The term “HIPC Ini-
4 tiative” means the initiative established in 1996 by
5 the World Bank and the International Monetary
6 Fund for the purpose of reducing the debt burdens
7 of the world’s poorest countries.

8 (4) INTERNATIONAL FINANCIAL INSTITU-
9 TION.—The term “international financial institu-
10 tion” means the World Bank, the International
11 Monetary Fund, the Inter-American Development
12 Bank, the African Development Bank, and the Afri-
13 can Development Fund.

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

18 (6) WORLD BANK.—The term “World Bank”
19 means the International Bank for Reconstruction
20 and Development, the International Development
21 Association, the International Finance Corporation,
22 and the Multilateral Investment Guarantee Agency.

23 **SEC. 4. AUTHORITY.**

24 (a) IN GENERAL.—The Secretary of the Treasury is
25 authorized to instruct the United States Executive Direc-

1 tor of each international financial institution to use the
2 voice and vote of the United States to reach an agreement
3 among the shareholders of such international financial in-
4 stitutions to permanently cancel 100 percent of the debts
5 owed to each such institution by an eligible country.

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

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

17 **SEC. 5. SENSE OF CONGRESS ON DEBT RELIEF.**

18 It is the sense of Congress that the Secretary of the
19 Treasury should pursue additional bilateral and multilat-
20 eral debt relief for each country that is eligible for grant
21 assistance from the International Development Associa-
22 tion.

1 **SEC. 6. CONTRIBUTIONS TO MULTILATERAL DEVELOP-**
2 **MENT BANKS.**

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

6 **“SEC. 23. FOURTEENTH REPLENISHMENT.**

7 “(a) CONTRIBUTION AUTHORITY.—

8 “(1) IN GENERAL.—The United States Gov-
9 ernor of the Association is authorized to contribute
10 on behalf of the United States such sums as may be
11 necessary to the fourteenth replenishment of the re-
12 sources of the Association.

13 “(2) SUBJECT TO APPROPRIATIONS.—Any com-
14 mitment to make the contribution authorized by
15 paragraph (1) shall be effective only to such extent
16 or in such amounts as are provided in advance in
17 appropriations Acts.

18 “(b) AUTHORIZATION OF APPROPRIATIONS.—For the
19 contribution authorized by subsection (a), there are au-
20 thorized to be appropriated such sums as may be nec-
21 essary for payment by the Secretary of the Treasury.”.

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

25 **“SEC. 218. TENTH REPLENISHMENT.**

26 “(a) CONTRIBUTION AUTHORITY.—

1 p r i a t e c o n g r e s s i o n a l c o m m i t t e e s a r e p o r t e d o n t h e s t a t u s o f
2 n e g o t i a t i o n s t o a c h i e v e b i l a t e r a l a n d m u l t i l a t e r a l d e b t r e -
3 l i e f f o r i m p o v e r i s h e d , h i g h l y i n d e b t e d c o u n t r i e s t h a t d i d
4 n o t b e n e f i t f r o m t h e H I P C I n i t i a t i v e o r t h e E n h a n c e d
5 H I P C I n i t i a t i v e .

6 (b) A P P R O P R I A T E C O N G R E S S I O N A L C O M M I T T E E S
7 D E F I N E D . — I n t h i s s e c t i o n , t h e t e r m “ a p p r o p r i a t e c o n -
8 g r e s s i o n a l c o m m i t t e e s ” m e a n s t h e C o m m i t t e e o n A p p r o -
9 p r i a t i o n s a n d t h e C o m m i t t e e o n F o r e i g n R e l a t i o n s o f t h e
10 S e n a t e a n d t h e C o m m i t t e e o n A p p r o p r i a t i o n s a n d t h e
11 C o m m i t t e e o n I n t e r n a t i o n a l R e l a t i o n s o f t h e H o u s e o f
12 R e p r e s e n t a t i v e s .

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