

107TH CONGRESS
2D SESSION

H. R. 2604

IN THE SENATE OF THE UNITED STATES

MAY 2, 2002

Received; read twice and referred to the Committee on Foreign Relations

AN ACT

To authorize the United States to participate in and contribute to the seventh replenishment of the resources of the Asian Development Fund and the fifth replenishment of the resources of the International Fund for Agricultural Development, and to set forth additional policies of the United States towards the African Development Bank, the African Development Fund, the Asian Development Bank, the Inter-American Development Bank, and the European Bank for Reconstruction and Development.

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. UNITED STATES CONTRIBUTION TO THE SEV-**
4 **ENTH REPLENISHMENT OF THE RESOURCES**
5 **OF THE ASIAN DEVELOPMENT FUND.**

6 The Asian Development Bank Act (22 U.S.C. 285–
7 285aa) is amended by adding at the end the following:

8 **“SEC. 31. SEVENTH REPLENISHMENT.**

9 “(a) CONTRIBUTION AUTHORITY.—

10 “(1) IN GENERAL.—The United States Gov-
11 ernor of the Bank may contribute on behalf of the
12 United States \$412,000,000 to the Asian Develop-
13 ment Fund, a special fund of the Bank.

14 “(2) SUBJECT TO APPROPRIATIONS.—The au-
15 thority provided by paragraph (1) shall be effective
16 only to such extent or in such amounts as are pro-
17 vided in advance in appropriations Acts.

18 “(b) LIMITATIONS ON AUTHORIZATION OF APPRO-
19 PRIATIONS.—For contribution authorized by subsection
20 (a), there are authorized to be appropriated to the Sec-
21 retary of the Treasury not more than \$412,000,000, with-
22 out fiscal year limitation.”.

1 **SEC. 2. UNITED STATES CONTRIBUTION TO THE FIFTH RE-**
2 **PLENISHMENT OF THE RESOURCES OF THE**
3 **INTERNATIONAL FUND FOR AGRICULTURAL**
4 **DEVELOPMENT.**

5 (a) **CONTRIBUTION AUTHORITY.—**

6 (1) **IN GENERAL.**—The United States Governor
7 of the International Fund for Agricultural Develop-
8 ment may contribute on behalf of the United States
9 \$30,000,000 to the International Fund for Agricul-
10 tural Development.

11 (2) **SUBJECT TO APPROPRIATIONS.**—The au-
12 thority provided by paragraph (1) shall be effective
13 only to such extent or in such amounts as are pro-
14 vided in advance in appropriations Acts.

15 (b) **LIMITATIONS ON AUTHORIZATION OF APPRO-**
16 **PRIATIONS.**—For contribution authorized by subsection
17 (a), there are authorized to be appropriated to the Sec-
18 retary of the Treasury not more than \$30,000,000, with-
19 out fiscal year limitation.

20 (c) **REPORT ON PARTICIPATION OF THE IFAD IN**
21 **THE ENHANCED HIPC INITIATIVE.**—Within 3 months
22 after the date of the enactment of this Act, the Secretary
23 of the Treasury shall submit to the Committee on Finan-
24 cial Services of the House of Representatives and the
25 Committee on Foreign Relations of the Senate a report
26 on the participation of the International Fund for Agricul-

1 tural Development in the Enhanced HIPC Initiative. The
2 report shall include a statement of the cost to the Inter-
3 national Fund for Agricultural Development of partici-
4 pating in the Enhanced HIPC Initiative, the effects of
5 such participation (if not reimbursed) on current and fu-
6 ture programs of the International Fund for Agricultural
7 Development, the feasibility of allowing the World Bank
8 HIPC Trust Fund to reimburse the International Fund
9 for Agricultural Development for the costs of such partici-
10 pation, and the amount of additional appropriations from
11 the United States to the World Bank HIPC Trust Fund
12 that would be necessary to allow such participation.

13 **SEC. 3. HIV/AIDS STRATEGIC PLAN.**

14 Title XVI of the International Financial Institutions
15 Act (22 U.S.C. 262p—262p-7) is amended by adding at
16 the end the following:

17 **“SEC. 1625. HIV/AIDS STRATEGIC PLAN.**

18 “The Secretary of the Treasury shall instruct the
19 United States Executive Directors at the African Develop-
20 ment Bank, the African Development Fund, the Asian De-
21 velopment Bank, the Asian Development Fund, a special
22 fund of the Asian Development Bank, and the Inter-Amer-
23 ican Development Bank, and the United States Governor
24 of the International Fund for Agricultural Development
25 to support continued efforts by such institutions as appro-

1 priate in regard to HIV/AIDS, tuberculosis, malaria, and
2 other infectious diseases, including—

3 “(1) development and implementation of a stra-
4 tegic plan to fight against the spread of HIV/AIDS,
5 tuberculosis, malaria, and other infectious diseases;

6 “(2) integration of HIV/AIDS, tuberculosis,
7 malaria, and other infectious diseases activities in
8 ongoing projects as appropriate, development of new
9 dedicated HIV/AIDS, tuberculosis, malaria, and
10 other infectious diseases, projects as appropriate
11 that take into consideration the institution’s man-
12 date and core strengths, and the building of AIDS-
13 mitigation measures into other projects;

14 “(3) design and implementation of HIV/AIDS,
15 tuberculosis, malaria, and other infectious diseases
16 impact assessment criteria into environmental and
17 social assessment processes that the institution con-
18 siders when designing and evaluating new project
19 proposals;

20 “(4) work on disseminating information on best
21 practices and project design for HIV/AIDS, tuber-
22 culosis, malaria, and other infectious diseases
23 projects; and

24 “(5) support training for professional staff on
25 HIV/AIDS, tuberculosis, malaria, and other infec-

1 tious disease prevention issues to ensure that these
2 health-related concerns are integrated into all as-
3 pects of the work of the institution.”.

4 **SEC. 4. USER FEES.**

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

8 **“SEC. 1626. USER FEES.**

9 “The Secretary of the Treasury shall instruct the
10 United States Executive Director at the African Develop-
11 ment Bank, the African Development Fund, the Asian De-
12 velopment Bank, the Asian Development Fund, a special
13 fund of the Asian Development Bank, and the Inter-Amer-
14 ican Development Bank, and the United States Governor
15 of the International Fund for Agricultural Development
16 to oppose any loan, grant, document, or strategy that is
17 subject to endorsement or approval by the board of direc-
18 tors of any such institution, which includes user fees or
19 service charges in impoverished countries directly or under
20 the guise of community financing, cost-sharing, or cost re-
21 covery mechanisms, for primary education or primary
22 health care, including prevention and treatment efforts for
23 HIV/AIDS, malaria, tuberculosis, and infant, child, and
24 maternal well-being.”.

1 **SEC. 5. TRANSPARENCY.**

2 (a) UNITED STATES POLICY IN REGIONAL
3 MULTILATERAL DEVELOPMENT INSTITUTIONS.—Title
4 XV of the International Financial Institutions Act (22
5 U.S.C. 262o—262o-2) is further amended by adding at
6 the end the following:

7 **“SEC. 1504. TRANSPARENCY.**

8 “(a) IN GENERAL.—The Secretary of the Treasury
9 shall instruct the United States Executive Director at the
10 African Development Bank, the African Development
11 Fund, the Asian Development Bank, the Asian Develop-
12 ment Fund, a special fund of the Asian Development
13 Bank, the Inter-American Development Bank, and the
14 European Bank for Reconstruction and Development, and
15 the United States Governor of the International Fund for
16 Agricultural Development to—

17 “(1) continue to make efforts to promote greater
18 transparency regarding the activities of such in-
19 stitutions, including project design, project moni-
20 toring and evaluation, project implementation, re-
21 source allocation, and decisionmaking;

22 “(2) support continued efforts to allow in-
23 formed participation and input by affected commu-
24 nities, including translation of information on pro-
25 posed projects, providing information through infor-
26 mation technology applications, oral briefings, and

1 outreach to and dialogue with community organizations and institutions in affected areas; and
2

3 “(3) work toward ensuring that—

4 “(A) meetings of the Boards of Directors
5 (or, in the case of the International Fund for
6 Agricultural Development, the Board of Gov-
7 ernors) of their respective institutions are open
8 to the public and the media, except for discus-
9 sion of sensitive matters such as individual per-
10 sonnel matters;

11 “(B) transcripts of such meetings are
12 available to the public no later than 60 calendar
13 days after the meetings, except for discussion of
14 sensitive matters such as individual personnel
15 matters; and

16 “(C) all key documents that are presented
17 for endorsement or approval by the Board of
18 Directors (or, in the case of the International
19 Fund for Agricultural Development, the Board
20 of Governors) of their respective institutions
21 will be made available to the public at least 15
22 days before consideration by the Board.

23 “(b) STATEMENT OF GOALS.—The Secretary of the
24 Treasury shall instruct the United States Executive Direc-
25 tor at the African Development Bank, the African Devel-

1 opment Fund, the Asian Development Bank, the Asian
2 Development Fund, a special fund of the Asian Develop-
3 ment Bank, the Inter-American Development Bank, and
4 the European Bank for Reconstruction and Development,
5 and the United States Governor of the International Fund
6 for Agricultural Development to inform their respective in-
7 stitutions of the goals enumerated in subsection (a), in
8 a manner that the Secretary of the Treasury deems appro-
9 priate.”.

10 (b) CONGRESSIONAL TESTIMONY REQUIRED.—The
11 United States Executive Directors at the African Develop-
12 ment Bank, the African Development Fund, the Asian De-
13 velopment Bank, the Asian Development Fund, a special
14 fund of the Asian Development Bank, the Inter-American
15 Development Bank, and the European Bank for Recon-
16 struction and Development, and the United States Gov-
17 ernor of the International Fund for Agricultural Develop-
18 ment shall, at the request of the Committee on Financial
19 Services of the House of Representatives or of the Com-
20 mittee on Foreign Relations of the Senate appear before
21 the committee making the request, on an annual basis,
22 and testify on the efforts undertaken pursuant to section
23 1504 of the International Financial Institutions Act and
24 on other matters relating to any such institution.

25 (c) GRANTS.—

5 (A) has implemented the measures de-
6 scribed in section 1504 of the International Fi-
7 nancial Institutions Act; and

24 (d) CONGRESSIONAL PURSUIT OF TRANSPARENCY
25 GOALS IN INTERPARLIAMENTARY DIALOGUES AND MEET-

1 INGS.—The Congress shall pursue the transparency goals
2 described in section 1504 of the International Financial
3 Institutions Act, in all official interparliamentary dia-
4 logues and meetings as appropriate.

5 (e) PURSUIT OF TRANSPARENCY GOALS BY THE SEC-
6 RETARY OF THE TREASURY.—The Secretary of the Treas-
7 ury shall submit annually to the Committee on Financial
8 Services of the House of Representatives and the Com-
9 mittee on Foreign Relations of the Senate a written report
10 detailing the steps that have been taken by the United
11 States Executive Directors at the institutions, by the fi-
12 nance ministers, and by the institutions, referred to in
13 paragraph (1) to implement the measures described in
14 such section 1504.

15 **SEC. 6. GENERAL OBJECTIVES.**

16 Title XVI of the International Financial Institutions
17 Act (22 U.S.C. 262p—262p-7) is further amended by
18 adding at the end the following:

19 **“SEC. 1627. GENERAL OBJECTIVES.**

20 “The Secretary of the Treasury shall instruct the
21 United States Executive Director at the African Develop-
22 ment Bank, the African Development Fund, the Asian De-
23 velopment Bank, the Asian Development Fund, a special
24 fund of the Asian Development Bank, and the Inter-Amer-
25 ican Development Bank, and the United States Governor

1 of the International Fund for Agricultural Development
2 to focus on poverty alleviation, economic growth, increased
3 productivity, sustainable development, environmental pro-
4 tection, labor rights, and an increased focus on edu-
5 cation.”.

6 **SEC. 7. REQUIREMENTS FOR FINANCIAL SUPPORT FOR**
7 **DAMS.**

8 Title XVI of the International Financial Institutions
9 Act (22 U.S.C. 262p—262p-7) is further amended by
10 adding at the end the following:

11 **“SEC. 1628. REQUIREMENTS FOR FINANCIAL SUPPORT FOR**
12 **DAMS.**

13 “The Secretary of the Treasury shall instruct the
14 United States Executive Directors at the African Develop-
15 ment Bank, the African Development Fund, the Asian De-
16 velopment Bank, the Asian Development Fund, a special
17 fund of the Asian Development Bank, and the Inter-Amer-
18 ican Development Bank, and the United States Governor
19 of the International Fund for Agricultural Development
20 to oppose any loan which provides support for any project
21 that includes a dam unless the project conforms to all of
22 the following terms:

23 “(1) Comprehensive and participatory assess-
24 ments of the energy, water, and flood management
25 needs to be met and different options for meeting

1 these needs are developed before detailed studies are
2 done on any specific project.

3 “(2) Priority is given to demand side manage-
4 ment measures and optimizing the performance of
5 existing infrastructure before building any new
6 projects.

7 “(3) No dam is built without full consultation
8 with affected people.

9 “(4) Periodic participatory reviews are done for
10 existing dams to assess issues including dam safety,
11 and the possibility of dam decommissioning.

12 “(5) Mechanisms are developed to provide social
13 compensation for those who are suffering the im-
14 pacts of dams, and to restore damaged ecosystems.”.

15 **SEC. 8. STUDY BY THE GENERAL ACCOUNTING OFFICE.**

16 Within 1 year after the date of the enactment of this
17 Act, the Comptroller General of the United States shall
18 prepare and submit to the Committee on Financial Serv-
19 ices of the House of Representatives and the Committee
20 on Foreign Relations of the Senate a report on the bene-
21 fits and costs of the African Development Fund, the Asian
22 Development Fund, a special fund of the Asian Develop-
23 ment Bank, the International Fund for Agricultural De-
24 velopment, and the Fund for Special Operations of the

1 Inter-American Development Bank, providing grants in-
2 stead of loans.

3 **SEC. 9. COMMENDATION.**

4 (a) FINDINGS.—The Congress finds that—

5 (1) the African Development Bank and Fund
6 elected Omar Kabbaj, an official of the Ministry of
7 Finance of Morocco, as the new President in 1995;

8 (2) President Kabbaj implemented successful
9 fiscal and managerial reforms, including refocusing
10 the activity of the African Development Fund on
11 poverty alleviation;

12 (3) under the leadership of President Kabbaj,
13 the African Development Bank began to issue yearly
14 portfolio status reports reflecting improved project
15 monitoring and supervision;

16 (4) President Kabbaj successfully emphasized
17 the importance of project post-evaluation in helping
18 the Bank avoid problems identified with earlier
19 funded projects;

20 (5) President Kabbaj has taken a program ap-
21 proach where all stakeholders, including the bene-
22 ficiaries of the borrower countries, are involved in
23 program design and implementation;

24 (6) President Kabbaj was unanimously ap-
25 pointed to a second 5-year term in May 2000; and

5 (b) COMMENDATION.—The Congress, on behalf of
6 the people of the United States, commends President
7 Omar Kabbaj for his successful reform efforts as Presi-
8 dent of the African Development Bank and Fund, and en-
9 courages his continued efforts at reform.

10 SEC. 10. ACTION BY THE PRESIDENT.

11 Title XVI of the International Financial Institutions
12 Act (22 U.S.C. 262p—262p-7) is further amended by
13 adding at the end the following:

14 "SEC. 1629. ACTION BY THE PRESIDENT.

15 “If the President determines that a foreign country
16 has taken or has committed to take actions that either
17 contribute or do not contribute to efforts of the United
18 States to respond to, deter, or prevent acts of inter-
19 national terrorism, the Secretary of the Treasury may,
20 consistent with other applicable law, instruct the United
21 States Executive Director at, or the United States Gov-
22 ernor of, the regional multilateral development bank to take
23 the determination into account in considering whether to
24 approve an application of the country for assistance from
25 the institution.”.

1 SEC. 11. SENSE OF THE CONGRESS REGARDING PRIVATIZA-
2 TION PROJECTS.

3 Title XVI of the International Financial Institutions
4 Act (22 U.S.C. 262p—262p-7) is further amended by
5 adding at the end the following:

6 “SEC. 1630. SENSE OF THE CONGRESS REGARDING PRIVAT-
7
IZATION PROJECTS.

8 "The Secretary of the Treasury should instruct the
9 United States Executive Director at the Asian Develop-
10 ment Bank, the African Development Bank, the African
11 Development Fund, the International Fund for Agricul-
12 tural Development, the Inter-American Development
13 Bank, and the European Bank for Reconstruction and De-
14 velopment, and the United States Governor of the Inter-
15 national Fund for Agricultural Development to use the
16 voice and vote of the United States to oppose the provision
17 by the respective institution of assistance for a project
18 that involves privatization of a government-held industry
19 or sector if—

20 “(1) the privatization transaction is not imple-
21 mented in a transparent manner;

22 “(2) the privatization transaction is not imple-
23 mented in a manner that adequately protects the in-
24 terests of workers, small investors, and vulnerable
25 groups in society to the extent that they are affected
26 by the privatization transaction; or

1 “(3) appropriate regulatory regimes have not
2 been established to ensure the proper function of
3 competitive markets in the industry or sector.”.

4 **SEC. 12. OPPOSITION OF UNITED STATES TO REDUCTION**
5 **OF MINIMUM WAGE BELOW INTERNATION-**
6 **ALLY RECOGNIZED LEVEL OF POVERTY.**

7 Title XVI of the International Financial Institutions
8 Act (22 U.S.C. 262p—262p-7) is further amended by
9 adding at the end the following:

10 **“SEC. 1631. OPPOSITION OF UNITED STATES TO REDUC-**
11 **TION OF MINIMUM WAGE BELOW INTER-**
12 **NATIONALLY RECOGNIZED LEVEL OF POV-**
13 **ERTY.**

14 “The Secretary of the Treasury shall instruct the
15 United States Executive Director at the African Develop-
16 ment Bank, the African Development Fund, the Asian De-
17 velopment Bank, the Asian Development Fund, a special
18 fund of the Asian Development Bank, the Inter-American
19 Development Bank, and the European Bank for Recon-
20 struction and Development, and the United States Gov-
21 ernor of the International Fund for Agricultural Develop-
22 ment to oppose any loan, grant, document, or strategy
23 that is subject to endorsement or approval by the board
24 of directors of any such institution, which includes any
25 provision that would recommend or encourage the reduc-

1 tion of a country's minimum wage to a level of less than
2 \$2.00 per day.”.

3 **SEC. 13. SUPPORT FOR ASIAN DEVELOPMENT FUND AS-**
4 **SISTANCE FOR PROJECTS THAT ARE DI-**
5 **RECTED AT ADDRESSING ARSENIC CONTAMI-**
6 **NATION IN DRINKING WATER IN SOUTH ASIA.**

7 Title XVI of the International Financial Institutions
8 Act (22 U.S.C. 262p—262p-7) is further amended by
9 adding at the end the following:

10 **“SEC. 1632. SUPPORT FOR PROJECTS THAT ARE DIRECTED**
11 **AT ADDRESSING ARSENIC CONTAMINATION**
12 **IN DRINKING WATER IN SOUTH ASIA.**

13 “The Secretary of the Treasury shall instruct the
14 United States Executive Director at the Asian Develop-
15 ment Fund, a special fund of the Asian Development
16 Bank, to use the voice and vote of the United States to
17 support projects that are directed at addressing arsenic
18 contamination in drinking water in South Asia.”.

Passed the House of Representatives May 1, 2002.

Attest: JEFF TRANDAHL,
Clerk.