

108TH CONGRESS
2D SESSION

H. R. 4511

To provide for the cancellation of debts owed to the International Monetary Fund by poor countries, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 3, 2004

Ms. WATERS (for herself, Mr. LEACH, Mr. FRANK of Massachusetts, Mr. BACHUS, and Ms. LEE) introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To provide for the cancellation of debts owed to the International Monetary Fund by 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 “Justice and Under-
5 standing By IMF Loan Elimination and Equity Act of
6 2004” or the “JUBILEE Act of 2004”.

7 **SEC. 2. FINDINGS.**

8 The Congress finds the following:

1 (1) Many poor countries have been struggling
2 under the burden of international debts for many
3 years.

4 (2) Many poor countries have debts that are
5 odious because they were incurred by dictatorships
6 that did not use the funds in ways that benefitted
7 the population of the country.

8 (3) The international Jubilee coalitions have
9 been working to raise awareness of the needs of
10 these impoverished countries for full debt cancella-
11 tion.

12 (4) The International Monetary Fund (IMF)
13 has imposed onerous structural adjustment require-
14 ments on many poor countries as a condition of past
15 loans and of participation in debt relief programs.

16 (5) Justice requires that debts owed by these
17 countries to the IMF be cancelled.

18 **SEC. 3. CANCELLATION OF DEBT OWED TO THE IMF BY ELI-**
19 **GIBLE POOR COUNTRIES.**

20 Title XVI of the International Financial Institutions
21 Act (22 U.S.C. 262p–262p–8) is amended by adding at
22 the end the following:

23 **“SEC. 1626. CANCELLATION OF DEBT OWED TO THE IMF BY**
24 **ELIGIBLE POOR COUNTRIES.**

25 “(a) IN GENERAL.—

1 “(1) CANCELLATION OF DEBT.—In order to
2 achieve multilateral debt cancellation and promote
3 human and economic development and poverty alle-
4 viation in eligible poor countries, the Secretary of
5 the Treasury shall commence immediate efforts,
6 within the Paris Club of Official Creditors, the
7 International Monetary Fund (IMF), and other ap-
8 propriate multilateral development institutions, to
9 accomplish the following:

10 “(A) The IMF shall cancel all debts owed
11 to the IMF by eligible poor countries, and fi-
12 nance the debt cancellation from ongoing oper-
13 ations, procedures, and accounts of the IMF es-
14 tablished as of the end of the most recent fiscal
15 year, including the Poverty Reduction and
16 Growth Facility (formerly known as the ‘En-
17 hanced Structural Adjustment Facility’ or
18 ‘ESAF’).

19 “(B) Any waiting period before receiving
20 debt cancellation shall not exceed 1 month from
21 the date of an eligible poor country’s applica-
22 tion for debt cancellation.

23 “(C) The government of each eligible poor
24 country shall be encouraged to allocate at least
25 20 percent of its national budget, including the

1 savings from the cancellation of debt owed by
2 the country to the IMF, for the provision of
3 basic health care services, education services,
4 and clean water services to individuals in the
5 country. In providing such services, the govern-
6 ment should seek input from a broad cross-sec-
7 tion of members of civil society.

8 “(2) PROHIBITION OF PRIVILEGE FOR IMF
9 CREDIT.—In order to ensure that the interests of
10 the United States are fully protected and that the
11 IMF does not have undue influence over the policies
12 and finances of poor countries, the Secretary of the
13 Treasury shall commence immediate efforts, within
14 the Paris Club of Official Creditors, the IMF, and
15 other appropriate multilateral development institu-
16 tions, to ensure that the IMF does not require any
17 country receiving new concessional loans to privilege
18 the IMF as a creditor over the United States.

19 “(3) ESTABLISHMENT OF FRAMEWORK FOR
20 CREDITOR TRANSPARENCY.—In order to ensure that
21 creditor activity is known and assessed by all stake-
22 holders, the Secretary of the Treasury shall com-
23 mence immediate efforts, within the Paris Club of
24 Official Creditors, the International Monetary Fund
25 (IMF), and other appropriate multilateral develop-

1 ment institutions, to ensure that each international
2 financial institution (as defined in section
3 1701(c)(2))—

4 “(A) continues to make efforts to promote
5 greater transparency regarding the activities of
6 the institution, including project design, project
7 monitoring and evaluation, project implementa-
8 tion, resource allocation, and decisionmaking;
9 and

10 “(B) supports continued efforts to allow
11 informed participation and input by affected
12 communities, including translation of informa-
13 tion on proposed projects, provision of informa-
14 tion through information technology applica-
15 tion, oral briefings, and outreach to and dia-
16 logue with community organizations and insti-
17 tutions in affected areas.

18 “(4) AVAILABILITY ON TREASURY DEPARTMENT
19 WEBSITE OF REMARKS OF UNITED STATES EXECU-
20 TIVE DIRECTORS AT MEETINGS OF INTERNATIONAL
21 FINANCIAL INSTITUTIONS BOARDS OF DIRECTORS.—

22 The Secretary of the Treasury shall make available
23 on the website of the Department of the Treasury
24 the full record of the remarks of the United States
25 Executive Director at meetings of the Board of Di-

1 rectors of each international financial institution and
2 the International Monetary Fund, about cancellation
3 or reduction of debts owed to the institution in-
4 volved, with redaction by the Secretary of the Treas-
5 ury of material deemed too sensitive for public dis-
6 tribution, but showing the topic, amount of material
7 redacted, and reason for the redaction.

8 “(5) REPORT FROM THE COMPTROLLER GEN-
9 ERAL.—Within 90 days after the date of the enact-
10 ment of this section, the Comptroller General of the
11 United States shall prepare and submit to the Com-
12 mittee on Banking and Financial Services of the
13 House of Representatives and the Committee on
14 Banking, Housing, and Urban Affairs of the Senate
15 a report on the availability of the ongoing oper-
16 ations, procedures, and accounts of the IMF for can-
17 celing the debt of eligible poor countries.

18 “(6) ANNUAL REPORTS FROM THE PRESI-
19 DENT.—Not later than December 31 of each year,
20 the President shall submit to the Committees on
21 Banking and Financial Services, and on Inter-
22 national Relations of the House of Representatives
23 and the Committees on Foreign Relations and on
24 Banking, Housing, and Urban Affairs of the Senate
25 a report, which shall be made available to the public,

1 on the activities undertaken under this section, and
2 other progress made in accomplishing the purposes
3 of this section, for the prior fiscal year. The report
4 shall include a list of the countries that have re-
5 ceived debt cancellation, a list of the countries whose
6 request for such debt cancellation has been denied
7 and the reasons therefor, and a list of the countries
8 whose requests for such debt cancellation are under
9 consideration.

10 “(b) PROMOTION OF EQUITABLE BURDEN SHAR-
11 ING.—In order to promote equitable burden sharing by bi-
12 lateral, multilateral, and private creditors, the Secretary
13 of the Treasury shall commence immediate efforts to en-
14 sure that such creditors draw upon their own resources
15 to finance debt reduction to the extent possible without
16 diverting funds from other high-priority poverty alleviation
17 programs.

18 “(c) ELIGIBLE POOR COUNTRY DEFINED.—In this
19 section, the term ‘eligible poor country’ means Angola,
20 Bangladesh, Benin, Bolivia, Botswana, Burkina Faso, Bu-
21 rundi, Cambodia, Cameroon, Central African Republic,
22 Chad, Cote d’Ivoire, Democratic Republic of Congo, Ethi-
23 opia, Gambia, Ghana, Guinea, Guinea-Bissau, Guyana,
24 Haiti, Honduras, Jamaica, Kenya, Lao PDR, Liberia,
25 Madagascar, Malawi, Mali, Mauritania, Morocco, Mozam-

1 bique, Namibia, Nepal, Nicaragua, Niger, Nigeria, Peru,
2 Philippines, Republic of Congo, Rwanda, Sao Tome and
3 Principe, Senegal, Sierra Leone, South Africa, Tanzania,
4 Togo, Uganda, Vietnam, Yemen, and Zambia, but not if—

5 “(1) the government of the country has an ex-
6 cessive level of military expenditures;

7 “(2) the government of the country has repeat-
8 edly provided support for acts of international ter-
9 rorism, as determined by the Secretary of State
10 under section 6(j)(1) of the Export Administration
11 Act of 1979 (50 U.S.C. App. 2405(j)(1)), or section
12 620A(a) of the Foreign Assistance Act of 1961 (22
13 U.S.C. 2371(a));

14 “(3) the government of the country is failing to
15 cooperate on international narcotics control matters;

16 “(4) the government of the country (including
17 its military or other security forces) engages in a
18 consistent pattern of gross violations of internation-
19 ally recognized human rights; or

20 “(5) in the case of Haiti, the government of the
21 country has not been elected through free and fair
22 elections.”.

1 **SEC. 4. PROHIBITION OF STRUCTURAL ADJUSTMENT PRO-**
2 **GRAMS.**

3 Title XVI of the International Financial Institutions
4 Act (22 U.S.C. 262p–262p–8) is further amended by add-
5 ing at the end the following:

6 **“SEC. 1627. PROHIBITION OF STRUCTURAL ADJUSTMENT**
7 **PROGRAMS.**

8 “(a) PROHIBITION OF STRUCTURAL ADJUSTMENT
9 CONDITIONS.—In order to promote human and economic
10 development and poverty alleviation in eligible poor coun-
11 tries (as defined in section 1626(c)), the Secretary of the
12 Treasury shall commence immediate efforts within the
13 Paris Club of Official Creditors, as well as the Inter-
14 national Bank for Reconstruction and Development
15 (World Bank), the International Monetary Fund (IMF),
16 and other appropriate multilateral development institu-
17 tions, to ensure that the provision of debt cancellation to
18 the countries is not conditioned on any agreement by such
19 a country to implement or comply with policies that deep-
20 en poverty or degrade the environment, including any pol-
21 icy that—

22 “(1) implements or extends user fees on pri-
23 mary education or primary health care, including
24 prevention and treatment efforts for HIV/AIDS, tu-
25 berculosis, malaria, and infant, child, and maternal
26 well-being;

1 “(2) provides for increased cost recovery from
2 poor people to finance basic public services such as
3 education, health care, or sanitation;

4 “(3) would have the effect of increasing the cost
5 to consumers with incomes of less than \$2 per day
6 for access to clean drinking water through—

7 “(A) decreased public subsidy for water
8 supply, treatment, disposal, distribution, or
9 management;

10 “(B) reduced intrasectoral or intersectoral
11 subsidization of residential water consumers
12 with incomes of less than \$2 per day;

13 “(C) reduced government ability to regu-
14 late; or

15 “(D) mandated privatization of water; or

16 “(4) undermines workers’ ability to exercise ef-
17 fectively their internationally recognized worker
18 rights, as defined under section 526(e) of the For-
19 eign Operations, Export Financing and Related Pro-
20 grams Appropriations Act, 1995 (22 U.S.C. 262p-
21 4p).

22 “(b) ANNUAL REPORTS TO THE CONGRESS.—Not
23 later than December 31 of each year, the President shall
24 submit to the Committees on Banking and Financial Serv-
25 ices and on International Relations of the House of Rep-

1 representatives and the Committees on Foreign Relations and
2 on Banking, Housing, and Urban Affairs of the Senate
3 a report, which shall be made available to the public, on
4 the activities undertaken under this section, and other
5 progress made in accomplishing the purposes of this sec-
6 tion, for the prior fiscal year.”.

7 **SEC. 5. CONDITIONAL BAN ON PROVIDING FUNDS TO THE**
8 **IMF.**

9 (a) IN GENERAL.—None of the funds appropriated
10 in any Act may be obligated or made available to the
11 International Monetary Fund (IMF) unless—

12 (1) the IMF has cancelled all debts owed to it
13 by eligible poor countries as described in section
14 1626(a)(1) of the International Financial Institu-
15 tions Act;

16 (2) the IMF has terminated its involvement in
17 the Poverty Reduction and Growth Facility and any
18 other program to condition debt relief on implemen-
19 tation of structural adjustment; and

20 (3) the Secretary of the Treasury has certified
21 to the Congress that the conditions referred to in
22 paragraphs (1) and (2) of this subsection have been
23 met.

1 (b) LIMITATION.—Subsection (a) shall not apply to
2 any funds appropriated to provide debt relief to poor coun-
3 tries.

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