

basis to review the operation of the Facility under this subchapter and the eligibility of countries for benefits from the Facility under this subchapter.

(July 10, 1954, ch. 469, title VI, § 615, as added Pub. L. 102-237, title III, § 331, Dec. 13, 1991, 105 Stat. 1858.)

§ 1738o. Sale of qualified debt to eligible countries

(a) In general

(1) Authorization

The President may sell to an eligible country up to 40 percent of such country's qualified debt, only if an amount of the local currency of such country (other than the price paid for the debt) equal to—

(A) not less than 40 percent of the price paid for such debt by such eligible country, or

(B) the difference between the price paid for such debt and the face value of such debt;

whichever is less, is used by such country through an Environmental Fund for eligible activities described in section 1738k of this title.

(2) Environmental funds

For purposes of this section, the term "Environmental Fund" means an Environmental Fund established under section 1738g of this title. In the case of Mexico, such fund may be designated as the Good Neighbor Environmental Fund for the Border.

(3) Establishment and operation of environmental funds

The President should advise eligible countries on the procedures required to establish and operate the Environmental Funds required to be established under paragraph (1).

(b) Terms and conditions

The President shall establish the terms and conditions, including the amount to be paid by the eligible country, under which such country's qualified debt may be sold under this section.

(c) Appropriations requirement

The authorities provided by this section may be exercised only in such amounts and to such extent as is provided in advance in appropriations Acts.

(d) Certain prohibitions inapplicable

A sale of debt under this section shall not be considered assistance for purposes of any provision of law limiting assistance to a country.

(e) Implementation by Facility

A sale of debt authorized under this section shall be accomplished at the direction of the Facility. The Facility shall direct the Commodity Credit Corporation to carry out such sale. The Commodity Credit Corporation shall make an adjustment in its accounts to reflect the sale.

(f) Deposit of proceeds

The proceeds from a sale of qualified debt under this section shall be deposited in the account or accounts established by the Com-

modity Credit Corporation for the repayment of such debt by the eligible country.

(g) Debtor consultation

Before any sale of qualified debt may occur under this section, the President should consult with the eligible country's government concerning such sale. The topics addressed in the consultation shall include the amount of qualified debt involved in the transaction and the uses to which funds made available as a result of the sale shall be applied.

(July 10, 1954, ch. 469, title VI, § 616, as added Pub. L. 102-532, § 2, Oct. 27, 1992, 106 Stat. 3509.)

§ 1738p. Sale, reduction, or cancellation of qualified debt to facilitate certain debt swaps

(a) Authority to sell, reduce, or cancel qualified debt

For the purpose of facilitating eligible debt swaps, the President, in accordance with this section—

(1) may sell to an eligible purchaser (as determined pursuant to subsection (c)(1)) any qualified debt of an eligible country; or

(2) may reduce or cancel eligible debt of an eligible country upon receipt of payment from an eligible payor (as determined under subsection (c)(2)).

(b) Terms and conditions

The President shall establish the terms and conditions under which qualified debt may be sold, reduced, or canceled pursuant to this section.

(c) Eligible purchasers and eligible payors

(1) Sales of debt

Qualified debt may be sold pursuant to subsection (a)(1) only to a purchaser who presents plans satisfactory to the President for using the debt for the purpose of engaging in eligible debt swaps.

(2) Reduction or cancellation of debt

Qualified debt may be reduced or cancelled pursuant to subsection (a)(2) only if the payor presents plans satisfactory to the President for using such reduction or cancellation for the purpose of facilitating eligible debt swaps.

(d) Debtor consultation and right of first refusal

(1) Consultation

Before selling, reducing, or canceling any qualified debt of an eligible country pursuant to this section, the President should consult with that country concerning, among other things, the amount of debt to be sold, reduced, or canceled and the uses of such debt for eligible debt swaps.

(2) Right of first refusal

The qualified debt of an eligible country may be sold, reduced, or cancelled pursuant to this section only if that country has been offered the opportunity to purchase that debt pursuant to section 1738o of this title and has not accepted that offer.

(e) Limitation

In the aggregate, not more than 40 percent of the qualified debt of an eligible country may be