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A Christian Citizens' Movement

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United States Department of State
OFFICE OF THE
Under Secretary of State
for Economic, Business, and
Agricultural Affairs

Washington, D.C. 20520–7512

File
Debt
relief

FAX COVER SHEET

Date: 1/26/99

Pages to follow: 3

	NAME	OFFICE	FAX
TO:	Katy Button	Office of First Lady	456-6244

FROM: *Anne C. Pence*
Telephone: (202) 647-7513
Fax: (202) 647-9763

SUBJECT: Katy- attached are Treasury's press pts on the German debt relief initiative and some additional pts you may want to use as context. I know pope is big supporter of complete across the Board, debt relief (a là the Jubilee 2000 efforts by religious groups) but we have a bit more nuanced view geared to ensuring the resources freed up actually do some good for the poor.
Call if questions. Still digging on US figures

Pence, Constance A.

To: Katy Button

Katy: Attached are the Treasury points re the German Debt initiative. I think the following general points are also relevant:

The U.S. provides nearly all its assistance in grant form, and has done so since the 1980s, in part to help the poorest countries.

We were strong proponents of the HIPC (Highly Indebted Poor Countries) debt initiative, which among other things raised the level of debt forgiveness from 67% to 80%.

We have supported even deeper reductions for countries making clear, strong efforts to establish policies that support broad-based growth and good, particpatory governance.

We have led international efforts to refocus bilateral and multilateral assistance towards building human and institutional capacity, and to support self-initiated reform efforts with proven ability to reduce poverty.

We support credit for micro, small and medium size enterprises, and economic diversification in the poorest countries to improve their prosperity and financial capacity, and improvements in their financial systems -- at same time we are working to ensure sound international financial architecture -- to help make productive investments possible and sustainable.

We support the untying of aid to the least developed countries to improve its impact.

The United States placed special emphasis on aid to Africa's economic integration and broad-based growth in the G8 Denver Summit and gave impetus to this effort in the March 98 trip by the President and First Lady.

Cumulative Paris Club debt relief now totals $319 billion, of which the United States has provided a sizable share.

We will continue our efforts to reduce debt burdens for the poorest countries and to help them create the economic, financial, institutional and political space in which to grow and thrive. We are pursuing deeper partnerships with the governments and people of these countries in order to do so. (An example is our Ministerial with African officials from 46 countries planned for this Spring.)

Treasury Press Guidance for German Debt Initiative

Germany's new government is embracing an activist approach on debt and development. The government has added Debt/Development and Environment to the Koln Summit agenda and is expected to unveil a new debt strategy on January 22. The expected "new" debt initiative appears to breaks little new ground, but is a welcome departure away from Germany's long-standing conservatism toward greater flexibility.

Key Points:

- We welcome Germany's debt initiative as a constructive proposal within the current debt framework. We look forward to seeing the details.

- The U.S. has long advocated many of the key elements of the German initiative, including providing deeper debt reduction and forgiveness of concessional debt in the Paris Club, and increasing the flexibility of HIPC.

- We must remember as we negotiate changes to the HIPC program that it is presently under funded. Increasing debt relief or expanding the program will increase the existing funding gap.

- It is also important to keep in mind that recipient counties will continue to be dependent on foreign assistance for many years.

Need more resourc with a sets to go furthe

- In that context, we urge that G-7 members join the U.S. in providing ODA as grants to help keep the poorest country debt burdens manageable, an action the U.S. took in 1985.

Background:

German Debt Initiative: Germany is planning to publicize (the Chancellor himself will do so) on January 22 a new initiative on debt. We understand that it will largely consist of calls for more flexibility with in the existing framework, such as:

- Reduce from six to three years the HIPC "waiting period (six of seven HIPC countries received shorter waiting periods);

- Reduce the threshold to 200 percent, and even below in some cases (three of seven HIPC recipient countries received debt relief below the 200% threshold);

target sustainable level.

This is the "in-debte-ness thre hold."

- Support total ODA forgiveness in the Paris Club (the U.S. has supported ODA forgiveness; Germany and Japan have blocked ODA forgiveness);

- Support in the Paris Club going beyond 80 percent and in some cases to total forgiveness (the U.S. has supported deeper than 80% Paris Club debt reduction for HIPC countries, such as Mozambique.)

Previous "Naples terms" were 67%. HIPC goes much further.

- In addition, the Chancellor will hint at a willingness to support gold sales to finance HIPC.

The German proposal appears largely to be U.S. policy. The U.S. has supported reduction of the HIPC "waiting period" for countries that have long and sustained record of reform, such as Bolivia, debt reduction beyond 80% in the Paris Club for HIPC countries, such as Mozambique, and advocated forgiveness of ODA debt in the Paris Club. With regard to the proposal to deliver debt relief below the 200% debt to export ratio, the U.S. has supported this on a case by case basis for countries that have heavy debt service to fiscal burdens. Germany has opposed our calls for ODA forgiveness in the Paris Club and resisted deeper debt reduction in the Paris Club.

HIPC Debt Initiative: The HIPC debt initiative is essentially a topping up of existing debt relief mechanisms (from 67% to 80% of eligible debt in the Paris Club) for those poorest countries that could not otherwise attain a manageable level of debt via Naples terms debt reduction in the Paris Club. Unlike other multilateral debt relief programs in the Paris Club, however, the HIPC debt initiative requires all official creditors, including the international financial institutions (IFIs), to reduce outstanding obligations.

We expect up to 20 countries will become eligible for HIPC debt relief. Uganda and Bolivia have qualified for final HIPC relief and Burkina Faso, Guyana, Côte d'Ivoire, Mozambique and Mali have been declared eligible. Almost $6 billion in nominal debt service relief has been committed by all creditors for these first seven countries. Public criticism of the HIPC initiative fails to take into account the substantial debt relief provided by Paris Club creditors under Naples terms reduction.

Expanding HIPC to include more countries or providing deeper relief could easily double the cost of the initiative for all creditors. We estimate the IMF and the MDBs already face a funding gap of almost $2 billion and it is difficult to see how an increase in costs could be financed.

About $96 million has been pledged to the CAETF, so far. A U.S. bilateral contribution is under consideration, but it would require additional funding from Congress. The FY99 supplemental includes $41 million for debt relief ($25 million for the CAETF and $16 million to increase possible Paris Club debt reduction for Honduras to 67%). This is expected to be announced publicly by February 13 for the President's trip to Central America.

IDD/January 20, 1998: Press Guidance for German Debt Proposal

PERSONAL VIEW Gerhard Schröder

Germany's helping hand

The G8 should embrace a radical plan of debt forgiveness if the world's poorest countries are to have a fresh start

On the eve of the 21st century, we are faced with the task of using the opportunities of globalisation to create sustainable growth, socially equitable and ecologically responsible development. This is vital for the economically less developed countries.

We are currently focusing on overcoming the economic, monetary and financial crises in some Asian countries, in Russia and in Brazil. Given the urgency of their problems, that is understandable. However, we must remember that even 17 years after the international debt crisis emerged in 1982, it is still the poorest countries whose high burden of debt service is the heaviest encumbrance on sustainable economic development.

Although the international community has made several attempts to make debt problems more bearable during the past few years, it is clear that without a radical debt reduction in many of the poorest countries there is no hope of bringing about a fresh start. There is also little chance of making sustainable and significant improvements in living standards.

Against this background the German government has announced an initiative on overcoming the debt problems of the poorest developing countries.

In co-operation with the World Bank and the International Monetary Fund, a new, enlarged range of instruments has already been created in the form of the debt initiative for Heavily Indebted Poor Countries (HIPC). This aims to find a lasting solution to these countries' debt problems.

The strategy is based on the approach that debt relief by donors is linked to economic recovery and reform measures by debtors. Structural and social reforms aimed, for instance, at developing primary health care and an efficient education system – as well as the necessary micro and macroeconomic adjustments – are crucial elements of the initiative. Following these

Brighter future: these children would benefit from Germany's move

principles, a considerable reduction in the debt burden has already been achieved in seven countries that have so far received commitments on debt relief of about $3bn.

Our task now is to enhance this instrument in close co-operation with the World Bank and the IMF. The heads of state and government of the Group of Eight countries (G8) – at a summit due to be held in Cologne in June – should send a clear message of support for the poorest countries. With the Cologne debt initiative, the German government wants to invite its partners to lend their support.

The initiative is aimed first and foremost at intensifying and accelerating the implementation of HIPC. Our aim is to enable as many countries as possible to make the necessary adjustments and receive debt relief quickly and comprehensively.

To this end the German government is proposing the following steps:

- To speed up the debt relief process in which all countries entitled to take part can ascertain the extent and date of their debt relief by 2000. This should apply to those countries that observe the principles of the welfare state and the rule of law and are carrying out reform programmes in collaboration with the IMF and the World Bank. Thus we can foster conditions for sustainable development geared to fighting poverty and inequality.

Every debt relief initiative must be embedded in a comprehensive strategy for conflict prevention. The summit will consider this

The existing framework in determining the need for relief should, of course, be used to its fullest extent. For some counties confronted with particularly difficult problems, however, this might not be enough. In exceptional cases, therefore, the Paris Club should consider total cancellation of commercial credits and loans.

- Using multilaterally co-ordinated procedures, we propose binding and complete cancellation of debts from development assistance in the Paris Club for countries that qualify under HIPC. The debtor countries should use funds released in this way for projects that foster sustainable development geared to combat poverty and inequality and that take account of basic legal and social principles.
- In order to safeguard the share of multilateral creditors in the HIPC initiative, the German government will make a contribution towards the World Bank's HIPC Trust in 1999. The IMF should also be enabled to make its contribution towards the HIPC without compromising its support to the poorest countries. The German government is therefore prepared to make available funds to help continue the Fund's so-called "enhanced structural adjustment facility" (through which the IMF assists its poorest members).

However, all attempts to bring about a sustainable improvement in the living standards of people in the poorest countries through debt relief or financial assistance will fail if they come up against an unstable political environment marked by armed conflicts. Every debt relief initiative must therefore be embedded in a comprehensive strategy for conflict prevention. At my request, the G8 summit in Cologne is to consider this issue in depth.

Elements of a crisis prevention strategy could include early international co-ordination talks based on early warnings. They could also include support for developing countries, for countries in transition and for regional organisations in their own efforts to improve early recognition of (and reaction to) crises and disasters.

In view of the high cost and human suffering caused by armed conflicts in the poorest countries, funds made available for a successful strategy aimed at crisis prevention represent an investment that will create a high stability dividend.

The author is chancellor of Germany

Financial Times 21 Jan 1999

12/2, /98

106th Congress
1st Session

H. R. ____

IN THE HOUSE OF REPRESENTATIVES

__________________ introduced the following bill; which was referred to the Committee on ______________________________

A BILL

To require the United States to take action to provide bilateral debt relief, and improve the provision of multilateral debt relief, in order to give a fresh start to poor countries.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

(a) SHORT TITLE. -- This Act may be cited as the "Debt Relief for Poverty Reduction Act of 1999"

SECTION 2. ACTIONS TO PROVIDE BILATERAL DEBT RELIEF AND PROCEDURES FOR NEW LOANS AND GUARANTEES.

(a) CANCELLATION AND REDUCTION OF DEBT AND PROCEDURES FOR NEW LOANS AND GUARANTEES. -- The Foreign Assistance Act of 1961 (22 U.S.C. 2151 et seq.) is amended by adding at the end the following:

"PART VI -- CANCELLATION AND REDUCTION OF DEBT OWED TO THE UNITED STATES BY POOR COUNTRIES AND PROCEDURES FOR NEW LOANS AND GUARANTEES TO DEVELOPING COUNTRIES

" SEC. 901. CANCELLATION AND REDUCTION OF DEBT.

"(a) CANCELLATION OF DEBT. --

"(1) IN GENERAL. -- Subject to amounts provided in advance in an appropriations Act, the President shall, prior to September 30, 2001, cancel all amounts owed to the United States (or any agency of the United States) by heavily indebted poor countries described in Section 902 as a result of concessional loans made or credits extended prior to January 1, 1996 under any of the provisions of law described in paragraph (2).

"(2) PROVISIONS OF LAW. -- The provisions of law described in this paragraph are the following:

"(A) Part I of this Act, chapter 4 of Part II of this Act, or predecessor foreign economic assistance legislation.

"(B) Title I of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1701 et seq.).

"(b) REDUCTION OF DEBT.--

"(1) IN GENERAL. -- Subject to amounts provided in advance in an appropriations Act, the President shall, prior to September 30, 2001, reduce, by not less than 90 percent, amounts owed to the United States (or any agency of the United States) by each heavily indebted poor country described in section 902 as a result of nonconcessional loans made, guarantees issued, or credits extended prior to January 1, 1996 under any of the provisions of law described in paragraph (2).

"(2) PROVISIONS OF LAW. -- The provisions of law described in this paragraph are the following:

"(A) Sections 221 and 222 of the Foreign Assistance Act of 1961 (22 U.S.C. 2181 and 2182.).

"(B) The Arms Export Control Act (22 U.S.C. 2751 et seq.).

"(C) Section 5(f) of the Commodity Credit Corporation Charter Act.

"(D) (i) Section 201 of the Agricultural Trade Act of 1978 (7 U.S.C. 5621).

"(ii) Section 202 of such Act (7 U.S.C. 5622).

"(E) The Export-Import Bank Act of 1945 (12 U.S.C. 635 et seq.

"SEC. 902. ELIGIBLE COUNTRIES.

"(a) HEAVILY INDEBTED POOR COUNTRIES.-- Except as provided in subsection (b) and subject to the fulfillment of the additional requirement in subsection (c), a country shall be considered to be a heavily indebted poor country and eligible for cancellation or reduction of debt under section 901 if the country --

"(1) is eligible to borrow from the International Development Association;

"(2) is not eligible to borrow from the International Bank for Reconstruction and Development; and

"(3) has outstanding public and publicly guaranteed debt, the net present value of which on December 31, 1996 was at least 150 percent of the average annual value of the exports of the country for the period 1994 through 1996.

"(b) EXCEPTIONS. -- A country shall not be eligible for cancellation or reduction of debt under section 901 if the government of the country --

"(1) has an excessive level of military expenditures;

"(2) has repeatedly provided support for acts of international terrorism;

"(3) is failing to cooperate on international narcotics control matters; or

"(4) (including its military or other security forces) engages in a consistent pattern of gross violations of internationally recognized human rights.

Rules out a lot of countries - hard to define "(c) ADDITIONAL REQUIREMENT. -- A country which is otherwise eligible to receive cancellation or reduction of debt under section 901 will be entitled to receive such reduction only if the government of the country has established, through transparent and participatory processes including, but not limited to, participation of civil society, --

many countries won't agree to this

"(1) a human development fund (hereinafter referred to as Human Development Fund) --

"(A) the resources of which shall be dedicated to reducing the number of persons living in poverty, expanding access of the poorest members of society to basic social services, including education, health, clean water and sanitation, and preventing the degradation of the environment; and

"(B) into which shall be deposited all savings generated by debt reduction received under the Heavily Indebted Poor Countries (HIPC) Initiative of the International Bank for Reconstruction and Development and the International Monetary Fund and other debt reduction programs;

"(2) arrangements to ensure that all expenditures from the Human Development Fund will be used to increase annual expenditures for human development by the government to an amount higher than the average total amount of annual expenditures for human development by the government for the three years immediately preceding the year in which such fund is established; and

"(3) arrangements for monitoring the operations and financial transactions and accounts of the Human Development Fund by an oversight body which includes representatives of civil society.

"SEC. 903. PRIORITY.

"(a) IN GENERAL. -- In canceling or reducing debt under section 901, the President shall give priority to heavily indebted poor countries that have demonstrated a sustained commitment to poverty alleviation or have recently suffered a major natural disaster.

"SEC. 904. SPECIAL PROVISIONS.

"(a) CANCELLATION OR REDUCTION OF DEBT NOT CONSIDERED TO BE ASSISTANCE -- Except as the President may otherwise determine for reasons of national security, a cancellation or reduction of debt under section 901 shall not be considered to be assistance for purposes of any provision of law limiting assistance to a country.

"(b) INAPPLICABILITY OF CERTAIN PROHIBITIONS RELATING TO CANCELLATION OR REDUCTION OF DEBT. -- The authority to provide for cancellation or reduction of debt under section 901 may be exercised notwithstanding section 620(r) of this Act.

"SEC. 905. ANNUAL REPORTS TO THE CONGRESS.

"(a) IN GENERAL. -- Not later than December 31 of each year, the President shall prepare and transmit to the appropriate congressional committees a report, which shall be made available to the public, concerning the cancellation and reduction of debt under section 901, determinations made under section 904 (a), activities undertaken under subsection 2(b) of the Debt Relief for Poverty Reduction Act of 1999, and the progress made in accomplishing the purposes of such subsection 2(b), for the prior fiscal year.

"(b) DEFINITION. -- In this section, the term 'appropriate congressional committees' means --

"(1) the Committee on Banking and Financial Services and the Committee on International Relations of the House of Representatives; and

"(2) the Committee on Foreign Relations of the Senate.

"SEC. 906. SENSE OF THE CONGRESS.

"It is the sense of the Congress that the amounts that would otherwise be provided by the United States for development aid or other debt relief should not be reduced on account of any appropriations made pursuant to section 907.

If this is taken out or weakened, debt relief will replace aid.

"SEC. 907. AUTHORIZATION OF APPROPRIATIONS.

"For the cost (as defined in section 502(5) of the Federal Credit Reform

Act of 1990) of the cancellation or reduction of any debt under section 901, there are authorized to be appropriated to the President --

"(1) $100,000,000 for fiscal year 2000; and

"(2) $150,000,000 for fiscal year 2001.

"Sec. 908. PROCEDURES FOR NEW LOANS, CREDITS AND GUARANTEES.

"The President shall ensure that all decisions by the government of the United States (or any agency of the United States) to make new loans, extend new credits or issue new guarantees to the governments (or any agency of the governments) of, or private parties in, any developing country shall be subject to transparent and participatory processes, including giving due notice to the public in advance of such decisions of the proposed purposes, terms and conditions of such loans, credits and guarantees."

(b) OTHER CREDITOR COUNTRIES. -- The President shall work with the countries that are members of the Paris Club of Official Creditors and, as necessary, with other creditor countries to accomplish the following by September 30, 2001:

(1) The cancellation of all amounts owed to each such country by heavily indebted poor countries described in section 902 of the Foreign Assistance Act of 1961 (as added by section 2 of this Act) as a result of concessional loans made or credits extended prior to January 1, 1996 by each such country.

(2) The reduction, by not less than 90 percent, of amounts owed to each such country by heavily indebted poor countries described in section 902 of the Foreign Assistance Act of 1961 (as added by section 2 of this Act) as a result of nonconcessional loans made, guarantees issued, or credits extended prior to January 1, 1996 by each such country.

(3) The establishment of procedures by the Club to ensure greater transparency in the decision-making process, including publication of each decision and its rationale, on all applications to the Club for debt reduction

Lenders will not agree to this

by heavily indebted poor countries described in section 902 of the Foreign Assistance Act of 1961 (as added by section 2 of this Act).

SEC. 3. ACTIONS TO IMPROVE THE PROVISION OF MULTI-LATERAL DEBT RELIEF AND PROCEDURES FOR NEW LENDING.

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

"SEC. 1623. IMPROVEMENT OF THE HEAVILY INDEBTED POOR COUNTRIES INITIATIVE; ENSURING EQUITABLE BURDEN SHARING.

"(a) IMPROVEMENT OF THE HIPC INITIATIVE. -- The President shall work with the countries that are members of the Paris Club of Official Creditors, the International Bank for Reconstruction and Development (World Bank), and the International Monetary Fund (IMF) to accomplish the following changes in the Heavily Indebted Poor Countries Initiative:

"(1) LIMIT ON MAXIMUM WAITING PERIOD BEFORE RECEIVING DEBT RELIEF. -- The period of satisfactory performance which a country must establish under an economic program agreed with the IMF in order to receive enhanced bilateral and multilateral debt reduction under the HIPC Initiative shall not exceed three years from the date of entering into such agreement with the IMF.

"(2) REVISION OF COUNTRY ELIGIBILITY REQUIREMENT.-- For purposes of qualifying for debt reduction (or for further debt reduction, if it qualified for debt reduction prior to this Act) under the HIPC Initiative, a country shall be regarded as having an unsustainable debt burden, if it has outstanding public and publicly guaranteed debt, the net present value of which at the end of 1996 was at least 150 percent of the average annual value of exports of the country for the period 1994 through 1996.

"(3) ADDITIONAL REQUIREMENT. -- A country which is otherwise eligible to receive debt reduction under the HIPC Initiative will be entitled to receive such reduction only if the government of the country has established, through transparent and participatory processes including, but not limited to, the participation of civil society, --

"(A) a plan of action for human development (hereinafter referred to as Action Plan) which includes policies, programs and projects designed to reduce the number of persons living in poverty, expand access of the poorest members of society to basic social services, including health, education clean water and sanitation, and prevent the degradation of the environment;

"(B) a human development fund (hereinafter referred to as Human Development Fund) --

"(i) the resources of which shall be dedicated to achieving the purposes of the Action Plan, and

"(ii) into which shall be deposited all savings generated by debt reduction received under the Heavily Indebted Poor Countries (HIPC) Initiative of the World Bank and the IMF and under other debt reduction programs;

"(C) arrangements to ensure that all expenditures from the Human Development Fund will be used to increase annual expenditures for human development by the government to an amount higher than the average total amount of annual expenditures for human development by the government for the three years immediately preceding the year in which such fund is established; and

"(D) arrangements for monitoring the operations and financial transactions and accounts of the Human Development Fund by an oversight body which includes representatives of civil society.

"(4) AMOUNT OF DEBT REDUCTION. -- The debt reduction that a country with an unsustainable debt burden, as defined in paragraph (2), receives under the HIPC Initiative shall be in an amount sufficient to reduce --

"(A) the net present value of the outstanding public and publicly guaranteed debt of the country to less than 150 percent of the value of the annual exports of the country, and

"(B) the amount of annual payments due on public and publicly guaranteed debt to no more than 10 percent of the amount of annual current revenue received by the government of the country from internal sources.

"(5) TRANSPARENCY AND PARTICIPATION IN HIPC DECISION MAKING. -- All decisions under the HIPC Initiative concerning the terms, conditions, and timing of debt relief for a country, and the processes by which such decisions are made, shall be subject to procedures which are --

"(A) transparent, including, but not limited to, publication of the content of the decisions and of all relevant analytical, legal and policy documents, including, but not limited to Debt Sustainability Analyses, Policy Framework Papers, debt relief agreements, and national development programs and budgets, and

many of these are classified

"(B) participatory, including, but not limited to, the participation of civil society.

"(6) SPECIAL PROVISIONS. --

"(A) A country that has demonstrated a sustained commitment to poverty alleviation or has recently suffered a major natural disaster shall be provided with debt reduction that is greater or is provided more quickly than the debt reduction which the country would otherwise receive under the HIPC Initiative.

"(B) Notwithstanding any longer period of satisfactory performance that may be authorized under the provisions of subparagraph (1), in the case of a country emerging from civil conflict which has an economic performance agreement with the IMF and is otherwise entitled to begin receiving enhanced bilateral and multilateral debt reduction under the HIPC Initiative, the lack of a three-year period of satisfactory performance under such IMF agreement shall not cause a delay in the country's receipt of such debt reduction.

"(7) HIPC REVIEW.-- A comprehensive external assessment of the impact of the HIPC Initiative shall take place by the year 2001, shall incorporate the views of debtor governments and civil society, shall be made public, and shall include --

"(A) an analysis of the contribution of the HIPC Initiative to the poverty reduction and social development goals for the twenty-first century established by the Development Assistance Committee of the Organization for Economic Cooperation and Development; and

"(B) recommendations to the IMF, World Bank, and the governments of the United States and other creditor countries that may be necessary to strengthen the contribution of the HIPC Initiative to the poverty reduction and social goals referred to in subparagraph (A);

"(8) TERMINATION OF HIPC INITIATIVE.-- The HIPC Initiative shall not terminate until all the debt reduction contemplated by this section has been carried out.

"(b) PROMOTION OF EQUITABLE BURDEN-SHARING. -- The President shall work to ensure equitable burden-sharing by bilateral multilateral and private creditors under the HIPC Initiative, and shall work to ensure that such creditors draw upon their own resources to finance debt reduction under the HIPC Initiative to the extent possible without diverting funds from other high priority poverty alleviation programs.

"(c) CONTRIBUTIONS TO THE HIPC TRUST FUND. -- For payment to the Heavily Indebted Poor Countries Trust Fund of the International Bank for Reconstruction and Development, there are authorized to be appropriated to the President --

"(1) $200,000,000 for fiscal year 2000;

"(2) $200,000,000 for fiscal year 2001; and

"(3) $300,000,000 for fiscal year 2002.

$1 billion

"(d) SENSE OF CONGRESS. -- It is the sense of Congress that the amounts that would otherwise be provided by the United States for development aid or other debt relief should not be reduced on account of any appropriations pursuant to subsection (c).

"(e) REPORT TO THE CONGRESS. -- Not later than December 31 of each year, the President shall submit to the Committees on Banking and Financial Services and on International Relations of the House of Representatives and the Committee on Foreign Relations of the Senate a report, which shall be made available to the public, on the activities undertaken under this section, and on the progress made in accomplishing the purposes of this section, for the prior fiscal year.

"SEC. 1624. IMPROVEMENT OF PROCEDURES FOR NEW LENDING.

"(a) IN GENERAL. -- The President, acting through the Secretary of the Treasury, shall work with the member countries of the International Monetary Fund, the International Bank for Reconstruction and Development and regional development banks (hereinafter referred to as Multilateral Lending Institution(s)) to ensure transparency and public participation in decisions to make new loans, and terms and conditions of such loans, to developing countries, including, but not limited to, --

"(1) disclosure of Policy Framework Papers, Public Expenditure Reviews, Country Assistance Strategies, International Monetary Fund Letters of Intent, appraisal documents, and other reports relevant to proposed lending operations,

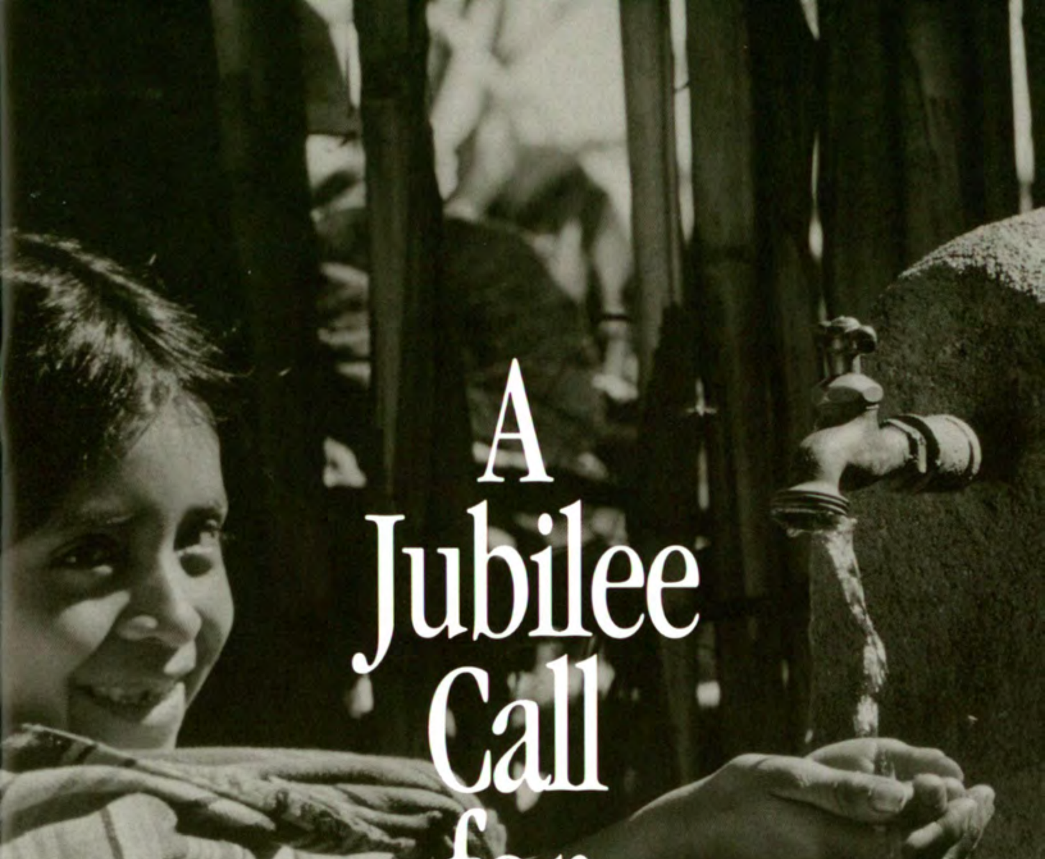
This will be difficult

"(2) participation of civil society in developing countries in the design of national development programs and in decisions to borrow from Multilateral Lending Institutions in support of such programs, and

"(3) provision of detailed information to the Board of Directors of the relevant Multilateral Lending Institution and to the public, prior to the approval of a lending operation for a developing country, as to the nature and extent of civil society participation in the design of, and approval process for, such operation."

Melanne Verveer

file debt forgiveness



A Jubilee Call for Debt Forgiveness

A STATEMENT BY THE ADMINISTRATIVE BOARD OF THE UNITED STATES CATHOLIC CONFERENCE

Catholic Campaign on Debt