

Public Law 101-240
101st Congress

An Act

Dec. 19, 1989
[H.R. 2494]

International
Development
and Finance Act
of 1989.
22 USC 2151
note.

To reauthorize the Export-Import Bank tied aid credit fund and pilot interest subsidy program, to provide for the participation of the United States in a replenishment of the Inter-American Development Bank and in the Enhanced Structural Adjustment Facility of the International Monetary Fund, to improve the safety and soundness of the United States banking system and encourage the reduction of the debt burdens of the highly indebted countries, to encourage the multilateral development banks to engage in environmentally sustainable lending practices and give greater priority to poverty alleviation, and for other purposes.

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

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(a) **SHORT TITLE.**—This Act may be cited as the “International Development and Finance Act of 1989”.

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TITLE I—EXPORT-IMPORT BANK ACT AMENDMENTS

SEC. 101. EXPORT-IMPORT BANK ACT AMENDMENTS.

(a) **INTEREST SUBSIDY PAYMENTS.**—Section 2(f) of the Export-Import Bank Act of 1945 (12 U.S.C. 635(f)) is amended—

(1) by striking paragraph (2) and redesignating paragraphs (3), (4), and (5) as paragraphs (2), (3), and (4), respectively;

(2) by amending paragraph (3) (as so redesignated by paragraph (1) of this subsection) to read as follows:

“(3) **LIMITATION ON AUTHORIZATION OF APPROPRIATIONS.**—To carry out this subsection, there are authorized to be appropriated to the Bank not to exceed—

“(A) \$20,000,000, for fiscal year 1990; and

“(B) \$35,000,000, for fiscal year 1991.”; and

(3) in paragraph (4) (as so redesignated by paragraph (1) of this subsection), by striking “1988” and inserting “1991”.

(b) **TIED AID CREDIT PROGRAM AND FUND.**—

(1) **PURPOSE.**—Section 15(a)(5) of such Act (12 U.S.C. 635i-3(a)(5)) is amended by striking all that follows “commercial advantage” and inserting “for the purposes of—

“(A) enforcing compliance with the existing arrangement restricting the use of tied aid and partially untied aid credits for commercial purposes; and

“(B) facilitating efforts to negotiate, establish, and enforce new or revised comprehensive international arrangements effectively restricting the use of tied aid and partially untied aid credits for commercial purposes; and such program should be used aggressively for such purposes.”.

Grants.

(2) **ESTABLISHMENT OF PROGRAM.**—The first sentence of section 15(b)(1) of such Act (12 U.S.C. 635i-3(b)(1)) is amended by striking the matter preceding subparagraph (A) and inserting “To carry out the purposes of subsection (a)(5), the Bank shall establish a tied aid credit program under which grants shall be made from funds available in the Tied Aid Credit Fund established under subsection (c)—”.

(3) **ADMINISTRATION OF PROGRAM.**—Section 15(b)(2)(A) of such Act (12 U.S.C. 635i-3(b)(2)(A)) is amended by striking all that follows “to” and inserting “carry out the purposes described in subsection (a)(5);”.

(4) **AVAILABILITY OF FUNDS.**—Section 15(c)(2) of such Act (12 U.S.C. 635i-3(c)(2)) is amended—

(A) by striking “cost” and inserting “amount equal to the concessionality level”; and

(B) by striking all that follows “authorized by the Bank” and inserting “through fiscal year 1991.”.

(5) **LIMITATION ON AUTHORIZATION OF APPROPRIATIONS FOR FISCAL YEARS 1990 AND 1991.**—Section 15(e)(1) of such Act (12 U.S.C. 635i-3(e)(1)) is amended by inserting “, and for fiscal years 1990 and 1991, \$300,000,000” after “\$300,000,000”.

(6) **REPORTS.**—Section 15(g)(2)(E) of such Act (12 U.S.C. 635i-3(g)(2)(E)) is amended to read as follows:

“(E) the progress achieved by negotiations conducted to carry out the purposes described in subsection (a)(5).”.

(7) **LIMITATION ON AUTHORIZATION OF APPROPRIATIONS FOR FISCAL YEARS 1990, 1991, AND 1992.**—Section 15(e)(1) of such Act (12 U.S.C. 635i-3(e)(1)) is amended by inserting “, and for fiscal years 1990, 1991, and 1992, \$200,000,000” after “\$300,000,000”.

(c) **AUTHORITY TO ACCEPT REIMBURSEMENT FOR CERTAIN EXPENSES.**—Section 2(a)(1) of such Act (12 U.S.C. 635(a)(1)) is amended—

(1) in the 6th sentence—

(A) by striking “The Bank may” and inserting “Subject to regulations which the Bank shall issue pursuant to section 553 of title 5, United States Code, the Bank may”; and

(B) by inserting “, and may accept reimbursement for travel and subsistence expenses incurred by a director, officer, or employee of the Bank, in accordance with subchapter I of chapter 57 of title 5, United States Code” before the period; and

(2) in the 7th sentence, by inserting “and shall be offset against the expenses of the Bank for such activities” before the period.

(d) **CLARIFYING AMENDMENT.**—Section 2(b)(6)(G) of such Act (12 U.S.C. 635(b)(6)(G)) is amended by striking “this paragraph” and inserting “subparagraphs (B), (C), (D), and (F)”.

(e) **REPORT WITH RESPECT TO LOAN LOSS RESERVES.**—Before the end of the 6-month period beginning on the date of the enactment of this section, the Export-Import Bank of the United States shall submit a report to the Congress explaining why the Bank has not established a loan loss reserve. In preparing such report, the Bank shall—

(1) determine if the establishment of a loan loss reserve would result in the unproductive characterization of the creditworthiness of certain types of borrowers;

(2) consult with the appropriate Executive branch entities to determine the budgeting and financial management implications of establishing a loan loss reserve;

(3) review whether, and the extent to which similar bilateral and multilateral lending institutions make provision against loan losses; and

(4) report on the steps needed to return the Bank to profitability.

SEC. 102. EXTENSION OF CREDIT BY EXPORT-IMPORT BANK WITH RESPECT TO ANGOLA PROHIBITED UNLESS CERTAIN CONDITIONS ARE MET.

Section 2(b) of the Export-Import Bank Act of 1945 (12 U.S.C. 635(b)) is amended by adding at the end the following:

“(12) **PROHIBITION RELATING TO ANGOLA.**—Notwithstanding any determination by the President under paragraph (2) or (11), the Bank may not guarantee, insure, or extend (or participate in the extension of) credit in connection with any export of any good (other than food or an agricultural commodity) or service to the People’s Republic of Angola until the President certifies to the Congress that free and fair elections have been held in Angola in which all participants were afforded free and fair access, and that the government of Angola—

“(A) is willing, and is actively seeking, to achieve an equitable political settlement of the conflict in Angola, including free and fair elections, through a mutual cease-fire and a dialogue with the opposition armed forces;

“(B) has demonstrated progress in protecting internationally recognized human rights, and particularly in—

“(i) ending, through prosecution or other means, involvement of members of the military and security forces in political violence and abuses of internationally recognized human rights;

“(ii) vigorously prosecuting persons engaged in political violence who are connected with the government; and

“(iii) bringing to justice those responsible for the abduction, torture, and murder of citizens of Angola and citizens of the United States; and

“(C) has demonstrated progress in its respect for, and protection of—

“(i) the freedom of the press;

“(ii) the freedom of speech;

“(iii) the freedom of assembly;

“(iv) the freedom of association (including the right to organize for political purposes);

“(v) internationally recognized worker rights; and

“(vi) other attributes of political pluralism and democracy.

President of U.S.
Reports.

The President shall include in each report made pursuant to this paragraph a detailed statement with respect to each of the conditions set forth in this paragraph. This paragraph shall not be construed to impose any requirement with respect to Angola that is more restrictive than any requirement imposed by this section generally on all other countries.”.

12 USC 635 note.

SEC. 103. EXPORT-IMPORT PROGRAMS TO THE PEOPLE'S REPUBLIC OF CHINA PROHIBITED UNLESS CERTAIN CONDITIONS ARE MET.

(a) Notwithstanding any other provision of law and subject to the provisions of subsections (b) and (c), the Export-Import Bank of the United States shall not finance any trade with, nor extend any loan, credit, credit guarantee, insurance or reinsurance to the People's Republic of China.

Agriculture and
agricultural
commodities.

(b) The prohibitions described in subsection (a) of this section shall not apply to food or agricultural commodities.

(c) The President may waive the prohibitions in subsection (a) if he makes a report to Congress either—

(1) that the Government of the People's Republic of China has made progress on a program of political reform throughout the country, as well as in Tibet, which includes—

(A) lifting of martial law;

(B) halting of executions and other reprisals against individuals for the nonviolent expression of their political beliefs;

(C) release of political prisoners;

(D) increased respect for internationally recognized human rights, including freedom of expression, the press, assembly, and association; and

(E) permitting a freer flow of information, including an end to the jamming of Voice of America and greater access for foreign journalists; or

(2) it is in the national interest of the United States to terminate a suspension under subsection (a).

TITLE II—INTER-AMERICAN DEVELOPMENT BANK

SEC. 201. PARTICIPATION BY THE UNITED STATES IN A CAPITAL INCREASE OF THE INTER-AMERICAN DEVELOPMENT BANK; INCREASE IN RESOURCES OF FUND FOR SPECIAL OPERATIONS.

The Inter-American Development Bank Act (22 U.S.C. 283 et seq.) is amended by adding at the end the following:

22 USC 283z-5.

“SEC. 33. CAPITAL INCREASE; INCREASE IN RESOURCES OF FUND FOR SPECIAL OPERATIONS.

“(a) AUTHORITY TO VOTE FOR, AND TO SUBSCRIBE AND CONTRIBUTE TO, INCREASE IN AUTHORIZED CAPITAL STOCK OF BANK AND INCREASE IN RESOURCES OF FUND FOR SPECIAL OPERATIONS.—

“(1) VOTE AUTHORIZED.—The United States Governor of the Bank is authorized to vote for resolutions which—

"(A) were transmitted by the Board of Executive Directors to the Governors of the Bank by resolution of April 19, 1989;

"(B) are pending before the Board of Governors of the Bank; and

"(C) provide for—

"(i) an increase in the authorized capital stock of the Bank and subscriptions to the Bank; and

"(ii) an increase in the resources of the Fund for Special Operations and contributions to the Fund.

"(2) **SUBSCRIPTION AND CONTRIBUTION AUTHORITY.**—To the extent and in the amounts provided in advance in appropriations Acts, on adoption of the resolutions described in paragraph (1), the United States Governor of the Bank may, on behalf of the United States—

"(A) subscribe to 760,112 shares of the increase in the authorized capital stock of the Bank; and

"(B) contribute \$82,304,000 to the Fund for Special Operations.

"(b) **LIMITATION ON AUTHORIZATION OF APPROPRIATIONS.**—To pay for the subscription and contribution authorized under subsection (a), there are authorized to be appropriated, without fiscal year limitation, for payment by the Secretary of the Treasury—

"(1) \$9,169,559,712, for the United States subscription to the capital stock of the Bank; and

"(2) \$82,304,000, for the United States contribution to the Fund for Special Operations.

"(c) **ORGANIZATIONAL CHANGES REQUIRED TO BE MADE BEFORE PAYMENT FOR SUBSCRIPTION TO CAPITAL STOCK AND CONTRIBUTION TO THE FUND FOR SPECIAL OPERATIONS.**—The Secretary of the Treasury may not make any payment for the subscription and contribution authorized under subsection (a) unless the Bank—

"(1) has established an environmental unit with responsibility for the development, evaluation, and integration of Bank policies, projects, and programs designed to promote environmentally sustainable development in borrower countries;

"(2) has increased the number of the staff of the Bank with environmentally oriented responsibilities and training;

"(3) provides for an increase in the number of environmentally beneficial projects and programs financed by the Bank; and

"(4) has designed a process for ensuring the access of indigenous non-governmental organizations to the process for designing projects and programs.

"(d) **CERTIFICATION OF ACCESS TO BANK RECORDS REQUIRED BEFORE PAYMENT FOR SUBSCRIPTION TO CAPITAL STOCK AND CONTRIBUTION TO FUND FOR SPECIAL OPERATIONS.**—The Secretary of the Treasury shall not make any payment for the subscription and contribution authorized under subsection (a) until the Secretary, after consultation with the United States Executive Director of the Bank, certifies to the Congress that—

"(1) the Bank has given the Comptroller General of the United States access to the audit memorandum issued by the Auditor General of the Bank with respect to the November 1987 disbursement of funds to the Government of Nicaragua;

Nicaragua.

"(2) the Bank has implemented and is continuing to implement revised procedures issued in 1988 for collecting loan services payments in arrears;

"(3) the revised procedures referred to in paragraph (2) satisfy the recommendations of the Auditor General of the Bank; and

"(4) the Comptroller General of the United States has access to all documents of the Bank on the same terms and under the same conditions as such documents are made available to the United States Executive Director of the Bank."

SEC. 202. INVESTMENT IN HUMAN CAPITAL.

(a) **PROMOTION OF LENDING IN SUPPORT OF HUMAN CAPITAL.**—The Inter-American Development Bank Act (22 U.S.C. 283 et seq.) is amended by adding after the section added by section 201 of this Act the following:

22 USC 283z-6.

"SEC. 34. INVESTMENT IN HUMAN CAPITAL.

"(a) **IN GENERAL.**—The Secretary of the Treasury shall instruct the United States Executive Director of the Inter-American Development Bank to propose and use the voice and vote of such director, during the 4-year period beginning on January 1, 1990, to vigorously promote an increase in the proportion of Bank lending in support of projects and programs which support investments in human capital and to seek the rapid implementation by the Bank of systematic mechanisms of consultation with locally affected populations in borrower countries either directly or through appropriate representative non-governmental organizations.

"(b) **INVESTMENTS IN HUMAN CAPITAL DEFINED.**—As used in subsection (a), the term 'investments in human capital' means investments in projects, policies, and programs designed to improve urban and rural health care and sanitation, basic nutrition, education, the small-producer private sector, the economic activities of women, and the development of indigenous non-governmental organizations."

22 USC 283z-6
note.

(b) **REPORT TO THE CONGRESS.**—The Chairman of the National Advisory Council on International Monetary and Financial Policies shall include in the report required by section 1701 of the International Financial Institutions Act for fiscal year 1991 a report on the efforts undertaken by the United States Executive Director of the Inter-American Development Bank, and the progress to date, in achieving the objectives of section 34 of the Inter-American Development Bank Act.

SEC. 203. LIMITATIONS ON INTER-AMERICAN DEVELOPMENT BANK POLICY BASED LENDING.

The Inter-American Development Bank Act (22 U.S.C. 283 et seq.) is amended by adding after the section added by section 202 of this Act the following:

22 USC 283z-7.

"SEC. 35. LIMITATIONS ON POLICY BASED LENDING.

"The Secretary of the Treasury shall—

"(1) take all necessary steps to encourage the Bank to limit the aggregate value of the policy based loans made by the Bank (other than policy based loans made to any country which the Bank has determined is economically less developed or has a limited market economy, which are used to purchase sovereign debt of such country or to reduce the debt or debt service

burden of such country) during the 4-year period beginning on January 1, 1990, to 25 percent of the aggregate value of all loans made by the Bank during such 4-year period;

"(2) take all necessary steps to encourage the Bank to limit the aggregate value of the policy based loans made by the Bank to the government of a particular country during such 4-year period, to 50 percent of the aggregate value of all loans made by the Bank to such government during such 4-year period;

"(3) instruct the United States Executive Director of the Bank to explore with the other Executive Directors of the Bank ways to use a portion of the resources made available to the Bank by reason of the subscription and contribution described in section 33(a)(2) for debt reduction and debt service reduction for countries described in paragraph (1); and

"(4) before the end of the 12-month period beginning on the date of the enactment of this section, report to the Congress on the matters described in paragraph (3)."

Reports.

SEC. 204. INCREASE IN INTER-AMERICAN DEVELOPMENT BANK LENDING TO THE CARIBBEAN.

The Inter-American Development Bank Act (22 U.S.C. 283 et seq.) is amended by adding after the section added by section 203 of this Act the following:

"SEC. 36. INCREASE IN LENDING TO THE CARIBBEAN.

22 USC 283z-8.

"The Secretary of the Treasury shall instruct the United States Executive Director of the Bank to enter into discussions with the management of the Bank and with other member country governments to seek to increase Bank lending to the Caribbean region, directly or through appropriate financial intermediaries, for viable projects which will—

"(1) result in expanded regional economic integration, diversification, and industrial and agricultural production, and improved infrastructure; and

"(2) seek to ensure equitable and environmentally sustainable economic growth."

SEC. 205. SENSE OF THE CONGRESS THAT INTER-AMERICAN DEVELOPMENT BANK LOANS SHOULD REDUCE DEPENDENCE ON ILLICIT NARCOTICS.

It is the sense of the Congress that, whenever possible and appropriate, loans made by the Inter-American Development Bank during the 4-year period beginning on January 1, 1990, should promote economic development which will reduce the growing economic dependence on the production and transit of illicit narcotics in certain borrower countries.

SEC. 206. DIRECTIVES REGARDING GOVERNMENT-OWNED ENTERPRISES IN COUNTRIES RECEIVING IADB LOANS.

The International Financial Institutions Act (22 U.S.C. 262c et seq.) is amended by redesignating section 1612 as section 1613 and by inserting after section 1611 the following:

22 USC 262p-5.

"SEC. 1612. DIRECTIVES REGARDING GOVERNMENT-OWNED ENTERPRISES IN COUNTRIES RECEIVING IADB LOANS.

22 USC 262p-4g.

"(a) FINDING.—The Congress finds that a principal focus of United States Government policy in the multilateral development banks

has been and should be to foster greater development of the private sector in member borrowing countries of such banks.

“(b) **TECHNICAL ASSISTANCE TO TRANSFORM GOVERNMENT-OWNED ENTERPRISES INTO PRIVATELY OWNED ENTERPRISES.**—In order to assist and strengthen the advancement of ongoing efforts to have the Inter-American Development Bank play a key role in building a viable private sector in member borrowing countries of such bank, and to further assist such bank in its determination to facilitate the transfer of government-owned enterprises in such countries to private ownership, the Secretary of the Treasury shall instruct the United States Executive Director of such bank to vigorously encourage the provision of technical assistance to such countries to transform enterprises owned, in whole or in part, by the governments of such countries into privately owned, self-sufficient enterprises. Such technical assistance may involve the valuation of the assets of such government-owned enterprises, the assessment of tender offers, and the creation or strengthening of market-based mechanisms to facilitate such a transfer of ownership.”.

TITLE III—INTERNATIONAL MONETARY FUND ENHANCED STRUCTURAL AD- JUSTMENT FACILITY

SEC. 301. CONTRIBUTION TO THE INTEREST SUBSIDY ACCOUNT OF THE ENHANCED STRUCTURAL ADJUSTMENT FACILITY OF THE INTERNATIONAL MONETARY FUND.

The Bretton Woods Agreements Act (22 U.S.C. 286 et seq.) is amended by adding at the end the following:

22 USC 286e-12.

“SEC. 54. CONTRIBUTION TO THE INTEREST SUBSIDY ACCOUNT OF THE ENHANCED STRUCTURAL ADJUSTMENT FACILITY OF THE INTERNATIONAL MONETARY FUND.

“(a) CONTRIBUTION AUTHORIZED.—

“(1) **IN GENERAL.**—Subject to paragraph (2), the United States Governor of the Fund may contribute \$150,000,000 to the Interest Subsidy Account of the Enhanced Structural Adjustment Facility of the Fund on behalf of the United States.

“(2) **CONDITION.**—The United States Governor of the Fund may not make a commitment to contribute any amount authorized to be contributed under paragraph (1) before an amount equal to such amount has been appropriated for such purpose.

“(b) **LIMITATION ON AUTHORIZATION OF APPROPRIATIONS.**—To pay for the contribution authorized by subsection (a), there are authorized to be appropriated not to exceed \$150,000,000, without fiscal year limitation, for payment by the Secretary of the Treasury.”.

SEC. 302. DISCUSSIONS TO ENHANCE THE CAPACITY OF THE INTER- NATIONAL MONETARY FUND TO ALLEVIATE THE POTEN- TIAL ADVERSE IMPACTS OF FUND PROGRAMS ON THE POOR AND THE ENVIRONMENT.

The Bretton Woods Agreements Act (22 U.S.C. 286 et seq.) is amended by adding after the section added by section 301 of this Act the following:

"SEC. 55. DISCUSSIONS TO ENHANCE THE CAPACITY OF THE FUND TO ALLEVIATE THE POTENTIALLY ADVERSE IMPACTS OF FUND PROGRAMS ON THE POOR AND THE ENVIRONMENT.

22 USC 286kk.

"The Secretary of the Treasury shall instruct the United States Executive Director of the Fund to seek policy changes by the Fund, through formal initiatives and through bilateral discussions, which will result in—

"(1) the initiation of a systematic review of policy prescriptions implemented by the Fund, for the purpose of determining whether the Fund's objectives were met and the social and environmental impacts of such policy prescriptions; and

"(2) the establishment of procedures which ensure the inclusion, in future economic reform programs approved by the Fund, of policy options which eliminate or reduce the potential adverse impact on the well-being of the poor or the environment resulting from such programs."

TITLE IV—INTERNATIONAL DEBT PROVISIONS

Foreign Debt
Reserving Act of
1989.
Loans.
12 USC 3901
note.

SEC. 401. SHORT TITLE.

This title may be cited as the "Foreign Debt Reserving Act of 1989".

SEC. 402. ADDITIONAL RESERVE REQUIREMENTS.

12 USC 3904a
note.

(a) FINDINGS.—The Congress finds that—

(1) since the adoption of the International Lending Supervision Act of 1983, the credit quality of loans by United States banking institutions to highly indebted countries has deteriorated and the prospects for full repayment of such loans have diminished;

(2) in general during this period, the level of country exposure and transfer risk associated with loans by United States banking institutions to highly indebted countries has not been adequately reflected in the reserve levels established by many individual United States banking institutions or the reserve requirements imposed by Federal banking agencies pursuant to such Act;

(3) during the last 3 years and particularly in recent months, United States banking institutions have increased their reserves for possible losses from loans to highly indebted countries but such reserves remain, in some cases, significantly lower than reserves established by banking institutions in a number of foreign countries and may not be adequate to deal with potential risks; and

(4) in order to fulfill the purposes of such Act, the Federal banking agencies should take a more active role in reviewing reserve levels established by United States banking institutions for potential losses from loans to highly indebted countries and in requiring appropriate levels of both special and general reserves to reflect the increased risk of such loans.

(b) IN GENERAL.—The International Lending Supervision Act of 1983 (12 U.S.C. 3901 et seq.) is amended by inserting after section 905 the following new section:

12 USC 3904a.

"SEC. 905A. ADDITIONAL RESERVE REQUIREMENTS.

"(a) **IN GENERAL.**—Each appropriate Federal banking agency shall review the exposure to risk of United States banking institutions arising from the medium- and long-term loans made by such institutions that are outstanding to any highly indebted country. Each agency shall provide direction to such institutions regarding additions to general reserves maintained by each banking institution for potential loan losses and special reserves required by such agency arising from such review.

"(b) **DETERMINATION OF INSTITUTIONAL EXPOSURE TO RISK.**—In determining the exposure of an institution to risk for purposes of subsection (a), the appropriate Federal banking agency—

"(1) shall determine whether any country exposure that is, and has been for at least 2 years, rated in the category 'Other Transfer Risk Problems' or the category 'Substandard' by the Interagency Country Exposure Review Committee should be reevaluated;

"(2) may exempt, in full or in part, from reserve requirements established pursuant to subsection (a), any loan—

"(A) to a country that enters into a debt reduction, debt service reduction, or financing program with its bank creditors that is supported by the International Bank for Reconstruction and Development or the International Monetary Fund; or

"(B) secured, in whole or in part, by appropriate collateral for payment of interest or principal;

"(3) take into account any other factors which bear on such exposure and the particular circumstances of the institution; and

"(4) shall consider as indicators of risk, where appropriate, the average reserve levels maintained by or required of banking institutions in foreign countries and secondary market prices for such loans.

"(c) **TIMING AND REPORT.**—

"(1) **DETERMINED BY AGENCY.**—Except as provided in paragraph (3), each appropriate Federal banking agency shall determine the timing of any addition to reserves required by subsection (a).

"(2) **REPORT.**—Each appropriate Federal banking agency shall include in each report required to be made under section 913(d) after 1989 a report on the actions taken pursuant to this section.

"(3) **DEADLINE.**—Each Federal agency required to undertake a review described in subsection (a) shall complete the review not later than December 31, 1990.

"(d) **HIGHLY INDEBTED COUNTRY DEFINED.**—As used in this section, the term 'highly indebted country' means any country designated as a 'Highly Indebted Country' in the annual World Debt Tables most recently published by the International Bank for Reconstruction and Development before the date of the enactment of this section."

SEC. 403. REPORT ON MARK TO MARKET ACCOUNTING.

(a) **REPORT REQUIRED.**—Before the end of the 90-day period beginning on the date of the enactment of this section, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Comptroller of the Currency shall jointly report to the Committee on Banking, Finance and Urban Affairs of the House of Representatives and the Committee on

Banking, Housing, and Urban Affairs of the Senate on the merits of mark to market accounting treatment as an appropriate accounting treatment for the sovereign debt of highly indebted countries which is held by United States commercial banks.

(b) CONTENTS OF REPORT.—The report required under subsection (a) shall include—

(1) a discussion of the merits of mark to market accounting treatment as the appropriate accounting treatment for the sovereign debt of highly indebted countries which is held by United States commercial banks; and

(2) a description of the factors which the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Comptroller of the Currency will consider in future assessments of the applicability of mark to market accounting to such debt.

SEC. 404. STUDY ON ELIMINATION OF CAPITAL FLIGHT.

(a) IN GENERAL.—The Secretary of the Treasury shall instruct the United States Executive Director of the International Monetary Fund to propose that the Fund conduct a study on multilateral means by which the banking industry might help reverse capital flight from countries which are engaged in debt restructuring, including—

(1) the feasibility of disclosing the names of account holders whose accounts may consist of flight capital, and the balances of such accounts;

(2) the usefulness of such disclosures in deterring the creation and maintenance of such accounts, and how such deterrence would operate or be defeated;

(3) the extent to which any such information is gathered and to whom such information is made available;

(4) the receptiveness of such countries to the disclosure of such information;

(5) the difficulties in, and the cost of, collecting such information and overcoming legal obstacles used to disguise the true ownership of such deposits, including the feasibility of using the threat of confiscatory penalties to prevent the disguising of the ownership of deposits;

(6) the usefulness of using taxes as a means to encourage the repatriation of flight capital; and

(7) the applicability (if any) of efforts to facilitate the identification, tracing, seizure, and forfeiture of drug crime proceeds, and to prevent the use of the banking system and of financial institutions for the purpose of money laundering.

(b) FLIGHT CAPITAL DEFINED.—As used in subsection (a), the term “flight capital” means any asset—

(1)(A) which is deposited in a banking institution for safekeeping or investment purposes; or

(B) for which a financial institution serves as a conduit, an agent, or a fiduciary in a transaction; and

(2) the owner of which may be a legal resident of a country other than the country in which the institution is located.

(c) REPORT TO THE CONGRESS.—Not later than the end of the 180-day period beginning on the date of the enactment of this Act, the Secretary of the Treasury shall submit to the Chairman of the Committee on Banking, Finance and Urban Affairs of the House of Representatives, and the Committee on Banking, Housing, and

Urban Affairs of the Senate a report on the actions taken and studies completed as required by subsection (a).

SEC. 405. FACTORS TO BE TAKEN INTO ACCOUNT IN DEVELOPING UNITED STATES POLICY TOWARD DEBT REDUCTION FOR CERTAIN HIGHLY INDEBTED COUNTRIES; REPORT TO THE CONGRESS.

Agriculture and
agricultural
commodities.

(a) **FACTORS TO BE TAKEN INTO ACCOUNT.**—In developing the policy of the United States Government with respect to debt reduction for each highly indebted country which has a substantial share of the export market for 1 or more agricultural commodities the export market for which the United States also has a substantial share, the Secretary of the Treasury shall consider among other factors the effects of such policy on:

- (1) United States exports of such commodities.
- (2) The world price of such commodities.
- (3) Domestic agricultural production and land distribution patterns in such country.
- (4) The volume of exports from such country of agricultural commodities the export market for which such country has a substantial share of.
- (5) Basic nutrition levels in such country.

(b) **REPORT TO THE CONGRESS.**—Before the end of the 12-month period beginning on the date of the enactment of this section, the Secretary of the Treasury shall submit a report to the Congress on the potential impact of such policy on such factors in the highly indebted countries.

(c) **HIGHLY INDEBTED COUNTRY DEFINED.**—As used in this section, the term “highly indebted country” means any country designated as a “Highly Indebted Country” in the annual World Debt Tables most recently published by the International Bank for Reconstruction and Development before the date of the enactment of this section.

SEC. 406. SENSE OF THE CONGRESS THAT AGREEMENTS TO REDUCE DEBT BURDEN SHOULD BE ACCOMPANIED BY TRADE LIBERALIZATION.

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

- (1) Third World debtor nations have often been forced to raise trade barriers in order to accumulate foreign exchange surpluses to repay debt obligations;
- (2) trade flows between such nations and the United States have lessened due to the debt crisis;
- (3) the reduction of trade barriers would benefit the world economy and promote economic growth; and
- (4) the Brady plan encourages debt reduction agreements on behalf of domestic financial institutions.

(b) **SENSE OF THE CONGRESS.**—It is the sense of Congress that the Secretary of the Treasury should continue to encourage trade liberalization as an element of economic reform programs.

SEC. 407. LINKAGE OF DEBT REDUCTION LOANS TO REDUCTION IN DRUG TRAFFICKING; REPORT TO CONGRESS.

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

- (1) the Brady Initiative is a positive step, recognizing as it does the need for reducing the debt and debt service burdens of the indebted developing countries;

(2) the multilateral development banks should, as part of this debt reduction process, encourage such countries to further reform their economies by reducing their dependence on production and trafficking of illicit narcotics; and

(3) reduction of debt should relieve some of the financial burden on these countries, and thereby enable them to rely on legal income-generating activities.

(b) **INSTRUCTION OF UNITED STATES EXECUTIVE DIRECTORS.**—The Secretary of the Treasury shall instruct the United States Executive Director of each multilateral development bank that, in voting with respect to loans from the multilateral development bank to reduce the debt and debt burden of borrowing countries which are major producers, processors, traffickers, or exporters of illegal drugs to the United States, the Executive Director shall give preference to those countries which show marked improvement in reducing the volume of cultivation, processing, trafficking, and export to the United States of illegal drugs. In making a determination under the preceding sentence with respect to a country's improvement, the Secretary of the Treasury shall consult with the heads of the relevant agencies.

(c) **REPORT TO CONGRESS.**—The Secretary of the Treasury shall include, in the detailed accounting required by section 2018(c) of the International Narcotics Control Act of 1986 (22 U.S.C. 2191 note), relating to multilateral development bank assistance for drug eradication and crop substitution programs, an additional discussion of the steps taken and the progress made in implementing the goals set forth in subsection (b) of this section, and further steps needed to secure the achievement of these goals.

(d) **DEFINITIONS.**—As used in this section—

(1) the term "multilateral development bank" includes the International Bank for Reconstruction and Development, the International Development Association, the International Finance Corporation, the Inter-American Development Bank, the Inter-American Investment Corporation, the Asian Development Bank, the African Development Bank, and the African Development Fund; and

(2) the term "illegal drugs" means "narcotic and psychotropic drugs and other controlled substances", as defined in section 481(i)(3) of the Foreign Assistance Act of 1961 (22 U.S.C. 2291(i)(3)).

TITLE V—ALLEVIATION OF POVERTY; ENVIRONMENTAL PROVISIONS; DEBT- FOR-DEVELOPMENT SWAPS; CONSOLI- DATION OF REPORTING REQUIRE- MENTS

Subtitle A—Alleviation of Poverty

SEC. 501. INCREASING THE PRODUCTIVE ECONOMIC PARTICIPATION OF THE POOR.

22 USC 262p-5.

The International Financial Institutions Act (22 U.S.C. 262c et seq.) is amended by redesignating section 1613 (as so redesignated by

section 206 of this Act) as section 1614 and by inserting after section 1612 (as added by such section 206) the following:

22 USC 262p-4h.

"SEC. 1613. DISCUSSIONS TO INCREASE THE PRODUCTIVE ECONOMIC PARTICIPATION OF THE POOR; REPORTS.

"(a) IN GENERAL.—The Secretary of the Treasury shall instruct the United States Executive Director for each multilateral development bank to vigorously and continually advocate, in all replenishment negotiations and in discussion with other directors of such bank and with such bank, the following:

"(1) A major objective of such bank's operations and financing in each borrowing country, as a long term priority, should be to increase the productive role of the poor in the economy of such country.

"(2) Such bank should encourage and assist each borrowing country to develop sustainable national plans and strategies to eliminate the causes and alleviate the manifestations of poverty which keep the poor from leading economically and socially productive lives. Such plans and strategies should give attention to—

"(A) the enhancement of human resources, including programs for basic nutrition, primary health services, basic education, and safe water and basic sanitation;

"(B) access to income-generating activities, employment, and productive assets such as land and credit; and

"(C) consultation with public sector social agencies and local non-governmental organizations.

"(3) As an integral element of ongoing policy dialogue with each borrowing country to design structural adjustment plans and project lending programs, such bank should provide assistance consistent with achieving the objectives of the country's national plan for increasing the productive economic participation of the poor. Such dialogue should be conducted with government agencies working in social and economic sectors and with non-governmental groups in the borrowing country, especially those that have grassroots involvement with poor people.

"(4) In an annual review document, such bank should describe the extent to which the goal of increasing the productive economic participation of the poor is being advanced or retarded and the steps that are being taken to overcome obstacles to its fulfillment. Such review should be based on information contained in the bank's country implementation review documents and in the country strategy documents for each borrowing country. Such country strategy documents should describe the national strategy for productive economic participation of the poor and the steps the bank plans to take to assist the borrowing country during the period covered by the country strategy document.

"(5) Such bank should assist countries in assessing and monitoring progress in achieving poverty alleviation goals and targets through measurement by appropriate social indicators.

"(6) Such bank should adopt procedures and budgetary allocations for administrative purposes, and establish appropriate staffing levels, to ensure that adequate resources are available to implement the bank's program for enhancing the productive economic participation of the poor, in consultation with non-governmental groups.

"(7) Such bank should adopt, as a separate and major criterion in the allocation of concessional financing resources, a preferential allocation to each country which undertakes significant efforts to enhance the productive economic participation of the poor.

"(8) Such bank should require each country which receives structural adjustment assistance to have in place, after a reasonable phase-in period, a strategy to enhance the productive economic participation of the poor.

"(b) **PROGRESS REPORT.**—Before the end of the 1-year period beginning on the date of the enactment of this section, the Secretary of the Treasury shall submit to the Committee on Banking, Finance and Urban Affairs and the Committee on Appropriations of the House of Representatives, and the Committee on Foreign Relations and the Committee on Appropriations of the Senate, a report on the following:

"(1) The status of advocacy and progress being made to implement the objectives of subsection (a), describing the success to date, the obstacles encountered, and future expectations of progress.

"(2) A description of the progress to date in achieving the purposes of section 1611, including the institutional capacity and effort devoted to assisting in the development of statistical measures to assess the well-being of the poor.

"(3) A description and evaluation of the progress to date in developing effective mechanisms for involving non-governmental organizations, directly or indirectly, in the design, implementation, and monitoring of development projects, programs, and policies of the multilateral development banks."

Subtitle B—International Debt Exchanges and the Environment

SEC. 511. SENSE OF THE CONGRESS RESOLUTION REGARDING ENVIRONMENTAL POLICY AND INTERNATIONAL DEBT EXCHANGES.

It is the sense of the Congress that—

(1) the Secretary of the Treasury should include support for sustainable development and conservation projects when providing a framework for negotiating or facilitating exchanges or reductions of commercial debt of foreign countries; and

(2) that in assisting or facilitating the reduction of debt of heavily indebted foreign countries, through multilateral institutions such as the International Monetary Fund or the International Bank for Reconstruction and Development, the Secretary of State and the Secretary of the Treasury should—

(A) support efforts to provide adequate resources for sustainable development and conservation projects as a component of the restructured commercial bank debt of that country; and

(B) in providing such support, seek to assure that—

(i) the host government, or a local nongovernmental organization acting with the support of the host government, has identified conservation or sustainable development projects it will target for assistance;

(ii) there will be in place an organization, either governmental or nongovernmental, that will have the commitment to assure the long-term viability of the project; and

(iii) the allocation of the resources provided for conservation and sustainable development projects through the debt restructuring agreement is done in a manner that will not overwhelm or distort economic conditions in the host country.

SEC. 512. MULTILATERAL DEVELOPMENT BANKS AND DEBT-FOR-NATURE EXCHANGES.

The International Financial Institutions Act (22 U.S.C. 262c et seq.) is amended by redesignating section 1614 (as so redesignated by section 501 of this Act) as section 1617, and by inserting after section 1613 (as added by such section 501) the following:

22 USC 262p-5.

Conservation.
22 USC 262p-4i.

"SEC. 1614. MULTILATERAL DEVELOPMENT BANKS AND DEBT-FOR-NATURE EXCHANGES.

"(a) DIRECTIONS TO THE UNITED STATES EXECUTIVE DIRECTORS.—The Secretary of the Treasury shall direct the United States Executive Directors of the multilateral development banks to—

"(1) negotiate for the creation in each respective multilateral development bank, except where the Secretary of the Treasury determines that the provisions of this subsection have previously been met, of a department that will—

"(A) be responsible for environmental protection and resource conservation, including support for restoration, protection, and sustainable use policies;

"(B) develop and monitor strict environmental guidelines and policies to govern lending activities; and

"(C) actively promote, coordinate and facilitate debt-for-nature exchanges and the restoration, protection, and sustainable use of tropical forests, renewable natural resources, endangered ecosystems and species in debtor countries;

"(2) support and encourage the approval of multilateral development bank loans which include provisions that foster and facilitate the implementation of a sound and effective environmental policy in the borrowing country;

"(3) encourage the banks to assist such countries in reducing and restructuring private debt through the use of a portion of a project or policy based environmental loan in ways which will enable such countries to buy back private debt at a rate of discount available for such debt, at auction in the secondary market or through negotiations with creditors holding such debt;

"(4) seek to ensure that staff of each bank facilitate debtor countries' collaboration with local and international nongovernmental or private organizations in implementing debt-for-nature exchanges; and

"(5) seek to ensure that each bank adopts policy guidelines which to the maximum extent possible provide for—

"(A) the inclusion of sustainable use policies in loan agreements negotiated with borrower members;

"(B) the adoption of economic programs to foster sound environmental policies; and

“(C) the provision of debtor countries’ policy changes or significant increases in financial resources for use in at least 1 of the following—

“(i) restoration, protection, or sustainable use of the world’s oceans and atmosphere;

“(ii) restoration, protection, or sustainable use of diverse animal and plant species;

“(iii) establishment, restoration, protection, and maintenance of parks and reserves;

“(iv) development and implementation of sound systems of natural resource management;

“(v) development and support of local conservation programs;

“(vi) training programs to strengthen conservation institutions and increase scientific, technical, and managerial capabilities of individuals and organizations involved in conservation efforts;

“(vii) efforts to generate knowledge, increase understanding, and enhance public commitment to conservation;

“(viii) design and implementation of sound programs of land and ecosystem management; and

“(ix) promotion of regenerative approaches in farming, forestry, and watershed management.

“(b) **NEGOTIATION OF GUIDELINES FOR RESTORATION, PROTECTION, OR SUSTAINABLE USE POLICIES.**—The United States Executive Directors of the multilateral development banks shall seek to negotiate with the other executive directors to provide guidelines for restoration, protection, or sustainable use policies. Pending the outcome of such negotiations, the United States Executive Directors shall consider restoration, protection, or sustainable use policies to be those which—

“(1) support development that maintains and restores the renewable natural resource base so that present and future needs of debtor countries’ populations can be met, while not impairing critical ecosystems and not exacerbating global environmental problems;

“(2) are environmentally sustainable in that resources are conserved and managed in an effort to remove pressure on the natural resource base and to make judicious use of the land so as to sustain growth and the availability of all natural resources;

“(3) support development that does not exceed the limits imposed by local hydrological cycles, soil, climate, vegetation, and human cultural practices;

“(4) promote the maintenance and restoration of soils, vegetation, hydrological cycles, wildlife, critical ecosystems (tropical forests, wetlands, and coastal marine resources), biological diversity and other natural resources essential to economic growth and human well-being and shall, when using natural resources, be implemented to minimize the depletion of such natural resources; and

“(5) take steps, wherever feasible, to prevent pollution that threatens human health and important biotic systems and to achieve patterns of energy consumption that meet human needs and rely on renewable resources.

"(c) **INCLUSION OF CERTAIN ITEMS IN GUIDELINES.**—The United States Executive Directors shall endeavor to include the provisions of paragraphs (1) through (5) of subsection (b) in the guidelines developed through the negotiations specified in this section.

22 USC 262p-4j.

"SEC. 1615. PROMOTION OF LENDING FOR THE ENVIRONMENT.

"The Secretary of the Treasury shall instruct the United States Executive Director of the International Bank for Reconstruction and Development to initiate discussions with the other executive directors of such bank and the management of such bank and propose that, in order to reduce the future need for bank lending for reforestation and restoration of environmentally degraded areas, the bank establish a project and policy based environmental lending program (including a loan a portion of which could be used to reduce and restructure private debt), to be made available to interested countries with a demonstrated commitment to natural resource conservation, which would be based on—

"(1) the estimated long-term economic return which could be expected from the sustainable use and protection of tropical forests, including the value of tropical forests for indigenous people and for science;

"(2) the value derived from such services as—

"(A) watershed management;

"(B) soil erosion control;

"(C) the maintenance and improvement of—

"(i) fisheries;

"(ii) water supply regulation for industrial development;

"(iii) food;

"(iv) fuel;

"(v) fodder; and

"(vi) building materials for local communities;

"(D) the extraction of naturally occurring products from locally controlled protected areas; and

"(E) indigenous knowledge of the management and use of natural resources; and

"(3) the long-term benefits expected to be derived from maintaining biological diversity and climate stabilization.

22 USC 262p-4k.

"SEC. 1616. PROMOTION OF INSTITUTION-BUILDING FOR NONGOVERNMENTAL ORGANIZATIONS CONCERNED WITH THE ENVIRONMENT.

"The Secretary of the Treasury shall instruct the United States Executive Directors of the multilateral development banks to vigorously promote the adoption of policies and procedures which seek to—

"(1) increase collaboration with, and, where necessary, strengthen, nongovernmental organizations in such countries which are concerned with environmental protection by providing appropriate assistance and support for programs and activities on environmental protection; and

"(2) encourage international collaboration for information exchange and project enhancement with nongovernmental organizations in developing countries which are concerned with environmental protection and government agencies and private voluntary organizations in developed countries which are concerned with environmental protection."

Subtitle C—Environmental Impact Assessments

SEC. 521. ASSESSMENT OF ENVIRONMENTAL IMPACT OF PROPOSED MULTILATERAL DEVELOPMENT BANK ACTIONS.

Title XIII of the International Financial Institutions Act (22 U.S.C. 262m et seq.) is amended by adding at the end the following:

"SEC. 1308. ASSESSMENT OF ENVIRONMENTAL IMPACT OF PROPOSED MULTILATERAL DEVELOPMENT BANK ACTIONS.

22 USC 262m-7.

"(a) ASSESSMENT REQUIRED BEFORE FAVORABLE VOTE ON ACTION.—

"(1) IN GENERAL.—Beginning 2 years after the date of the enactment of this section, the Secretary of the Treasury shall instruct the United States Executive Director of each multilateral development bank not to vote in favor of any action proposed to be taken by the respective bank which would have a significant effect on the human environment, unless for at least 120 days before the date of the vote—

"(A) an assessment analyzing the environmental impacts of the proposed action and of alternatives to the proposed action has been completed by the borrowing country or the institution, and been made available to the board of directors of the institution; and

"(B) except as provided in paragraph (2), such assessment or a comprehensive summary of such assessment has been made available to the multilateral development bank, affected groups, and local nongovernmental organizations.

"(2) EXCEPTIONS AND REPORTS.—

"(A) EXCEPTIONS.—The requirement of paragraph (1)(B) shall not apply where the Secretary finds compelling reasons to believe that disclosure in any case described in paragraph (1) would jeopardize the confidential relationship between the borrower country and the respective bank.

"(B) REPORTS BY SECRETARY.—The Secretary shall submit a quarterly report in writing to the Committees specified in subsection (f)(1) of the findings described in subparagraph (A).

Classified information.

"(b) ACCESS TO ASSESSMENTS IN ALL MEMBER COUNTRIES.—The Secretary of the Treasury shall seek the adoption of policies and procedures, through discussions and negotiations with the other member countries of the multilateral development banks and with the management of such banks, which result in access by governmental agencies and interested members of the public of such member countries, to environmental assessments or documentary information containing comprehensive summaries of such assessments which discuss the environmental impact of prospective projects and programs being considered by such banks. Such assessments or summaries should be made available to such governmental agencies and interested members of the public at least 120 days before scheduled board action, and public participation in review of the relevant environmental information should be encouraged.

Public information.

"(c) CONSIDERATION OF ASSESSMENT.—The Secretary of the Treasury shall—

"(1) ensure that an environmental impact assessment or comprehensive summary of such assessment described in subsection

(a) accompanies loan proposals through the agency review process; and

"(2) take into consideration recommendations from all other interested Federal agencies and interested members of the public.

"(d) **DEVELOPMENT OF PROCEDURES FOR SYSTEMATIC ENVIRONMENTAL ASSESSMENT.**—The Secretary of the Treasury, in consultation with other Federal agencies, including the Environmental Protection Agency, the Department of State, and the Council on Environmental Quality, shall—

"(1) instruct the United States Executive Director of each multilateral development bank to initiate discussions with the other executive directors of the respective bank and to propose that the respective bank develop and make available to member governments of, and borrowers from, the respective bank, within 18 months after the date of the enactment of this section, a procedure for the systematic environmental assessment of development projects for which the respective bank provides financial assistance, taking into consideration the Guidelines and Principles for Environmental Impact Assessment promulgated by the United Nations Environmental Programme and other bilateral or multilateral assessment procedures; and

"(2) in determining the position of the United States on any action proposed to be taken by a multilateral development bank, develop and prescribe procedures for the consideration of, among other things—

"(A) the environmental impact assessment of the action described in subsection (a);

"(B) interagency and public review of such assessment; and

"(C) other environmental review and consultation of such action that is required by other law.

"(e) **USE OF UNITED STATES PERSONNEL.**—The Secretary of the Treasury, in consultation with the Secretary of State, the Secretary of the Interior, the Administrator of the Environmental Protection Agency, the Chairman of the Council on Environmental Quality, the Administrator of the Agency for International Development, and the Administrator of the National Oceanic and Atmospheric Administration, shall—

"(1) make available to the multilateral development banks, without charge, appropriate United States Government personnel to assist in—

"(A) training bank staff in environmental impact assessment procedures;

"(B) providing advice on environmental issues;

"(C) preparing environmental studies for projects with potentially significant environmental impacts; and

"(D) preparing documents for public release, and developing procedures to provide for the inclusion of interested nongovernmental organizations in the environmental review process; and

"(2) encourage other member countries of such banks to provide similar assistance.

"(f) **REPORTS.**—

"(1) **IN GENERAL.**—The Secretary of the Treasury shall submit to the Committees on Foreign Relations and Environment and

Public Works of the Senate and the Committee on Banking, Finance and Urban Affairs of the House of Representatives—

“(A) not later than the end of the 1-year period beginning on the date of the enactment of this section, a progress report on the efficacy of efforts by the United States to encourage consistent and timely environmental impact assessment of actions proposed to be taken by the multilateral development banks and on the progress made by the multilateral development banks in developing and instituting environmental assessment policies and procedures; and

“(B) not later than January 1, 1993, a detailed report on the matters described in subparagraph (A).

“(2) AVAILABILITY OF REPORTS.—The reports required by paragraph (1) shall be made available to the member governments of, and the borrowers from, the multilateral development banks, and to the public.”

Public
information.

Subtitle D—Debt-for-Development Swaps

SEC. 531. ENCOURAGEMENT OF DEBT-FOR-DEVELOPMENT SWAPS THROUGH LOCAL CURRENCY REPAYMENT.

12 USC 3901
note.

(a) STATEMENT OF POLICY.—It is the sense of the Congress that—

(1) debt-for-development swaps, where payment is made in local currency at the free market rate, serve a useful purpose by providing banking institutions with constructive opportunities for the reduction of the external debt of highly indebted developing countries in a process that involves the participation of private, nonprofit groups in providing a stimulus to the economic and social development of such developing countries;

(2) debt-for-development swaps provide highly indebted developing countries with a creative method of reducing external debt burdens, while promoting their economic growth and restructuring objectives;

(3) banking institutions should give careful consideration to engaging in such swaps as one means of strengthening overall loan portfolios through the reduction of high external debt burdens while expanding economic opportunities through private sector initiatives; and

(4) in order to avoid any bias against such swaps in the regulatory framework applicable to the financial reporting of banking institutions, where payment is made in local currency at the free market rate, appropriate recognition of the fair market exchange value of the currency so received should be made.

(b) NOTIFICATION RELATING TO LOCAL CURRENCY REPAYMENT THROUGH DEBT-FOR-DEVELOPMENT SWAPS.—Before the end of the 6-month period beginning on the date of the enactment of this section, each appropriate Federal banking agency shall adopt uniform guidelines that will effectuate the policy set forth in subsection (a) concerning the regulatory framework and accounting treatment of debt-for-development swaps involving repayment in local currency at the free market rate. For the purpose of such guidelines, the impact of such swaps on reported loan loss reserves shall be determined by valuing currency received in such swaps at fair market exchange value.

Loans.

(c) DEFINITIONS.—As used in this section:

(1) **APPROPRIATE FEDERAL BANKING AGENCY.**—The term “appropriate Federal banking agency” has the meaning given such term in section 903(1) of the International Lending Supervision Act of 1983.

(2) **BANKING INSTITUTION.**—The term “banking institution” has the meaning given such term in section 903(2) of the International Lending Supervision Act of 1983.

(3) **DEBT-FOR-DEVELOPMENT SWAP.**—The term “debt-for-development swap” has the meaning given such term in section 1608(b)(2) of the International Financial Institutions Act.

(4) **HIGHLY INDEBTED COUNTRY.**—The term “highly indebted country” means any country designated as a “Highly Indebted Country” in the annual World Debt Tables most recently published by the International Bank for Reconstruction and Development before the date of the enactment of this section.

Subtitle E—Consolidation of Certain Reporting Requirements

SEC. 541. CONSOLIDATION OF CERTAIN REPORTING REQUIREMENTS.

(a) **IN GENERAL.**—The International Financial Institutions Act (22 U.S.C. 262c et seq.) is amended by adding at the end the following:

“TITLE XVII—CONSOLIDATED REPORTING REQUIREMENTS

22 USC 262r.

“SEC. 1701. ANNUAL REPORT BY CHAIRMAN OF THE NATIONAL ADVISORY COUNCIL ON INTERNATIONAL MONETARY AND FINANCIAL POLICIES.

“(a) **IN GENERAL.**—The Chairman shall report annually to the Speaker of the House of Representatives, the President of the Senate, and to the President of the United States on the participation of the United States in the international financial institutions. The Chairman shall present such report to the Speaker of the House of Representatives and the President of the Senate not later than April 1 of each year following the close of the fiscal year covered by such report, except that the report for fiscal year 1989 shall be submitted not later than June 1, 1990.

“(b) **CONTENTS OF REPORTS.**—Each annual report required by subsection (a) shall contain—

“(1) such data and explanations concerning the effectiveness, operations, and policies of the international financial institutions, such recommendations concerning the international financial institutions, and such other data and material as the Chairman may deem appropriate;

“(2) the reports on each specific issue and topic which is required by any other provision of law to be included in the report of the National Advisory Council on International Monetary and Financial Policies required by section 4(b)(5) of the Bretton Woods Agreements Act, as in effect immediately before the date of the enactment of this section;

“(3) a description of each loan or other form of financial assistance approved by any international financial institution

during the fiscal year covered by such report, and a discussion of how such loan or financial assistance will benefit the people, particularly the poor people, of the recipient country;

“(4) a review of the success achieved through the multilateral development banks in reducing or eliminating import restrictions and unfair export subsidies which—

“(A) have been determined to be consistent with international agreements; and

“(B) have a serious adverse impact on the United States;

“(5) a description of the actions taken and the progress made in carrying out subsections (a) and (b) of section 45 of the Bretton Woods Agreements Act;

“(6) the report required by section 2018(c) of the International Narcotics Act of 1986 (title II of Public Law 99-570), discussing the actions taken and progress made in encouraging the multilateral development banks to finance drug eradication and crop substitution programs;

“(7) a description of the progress made by the United States Executive Director of the International Monetary Fund with respect to the goals of section 55 of the Bretton Woods Agreements Act;

“(8) a description of the status of procedures in the multilateral development banks specifically designed to increase the productive role of the poor in the economies of the nations which are borrowers from such banks;

“(9) in consultation with the Secretary of State, a report on the progress toward achieving the goals of title VII (other than section 704), including the information required to be reported pursuant to section 701(c), and, for the fiscal year 1990, the report described in section 1613;

“(10) in consultation with the Secretary of State and the Administrator of the Agency for International Development, an assessment of the progress being made to implement the objectives of title XIII; and

“(11) a report on—

“(A) the progress made in transforming government-owned enterprises into privately owned enterprises as described in section 1612(b);

“(B) the performance of the privately owned enterprises resulting from such transformation; and

“(C) the contributions of development finance companies toward strengthening the private sector in member borrowing countries.

“(c) DEFINITIONS.—As used in this title, title XVIII, and title XIX:

“(1) CHAIRMAN.—The term ‘Chairman’ means the Chairman of the National Advisory Council on International Monetary and Financial Policies.

“(2) INTERNATIONAL FINANCIAL INSTITUTIONS.—The term ‘international financial institutions’ means the International Monetary Fund, International Bank for Reconstruction and Development, International Development Association, International Finance Corporation, Multilateral Investment Guarantee Agency, African Development Bank, African Development Fund, Asian Development Bank, Inter-American Development Bank, and Inter-American Investment Corporation.

“(3) MULTILATERAL DEVELOPMENT INSTITUTIONS.—The term ‘multilateral development institutions’ means the international

financial institutions other than the International Monetary Fund.

"(4) **MULTILATERAL DEVELOPMENT BANKS.**—The term 'multilateral development banks' means the multilateral development institutions other than the Multilateral Investment Guarantee Agency.

"(d) **TESTIMONY REQUIRED.**—Upon request of the Committee on Banking, Finance and Urban Affairs of the House of Representatives, the Chairman shall testify before the Committee to support and explain each annual report required by subsection (a). If the President has delegated to a person or persons other than the Chairman the authority to manage United States participation in the international financial institutions which was vested in the President by section 1(b) of the Reorganization Plan No. 4 of 1965, such person or persons shall, upon request of the Committee, accompany the Chairman and testify before the Committee with regard to such report. The Chairman and such other person or persons shall assess, in their testimony, the effectiveness of the international financial institutions, the major issues affecting United States participation, the major developments in the past year, the prospects for the coming year, United States policy goals with respect to the international financial institutions, and any specific issues addressed to them by any member of the Committee.

Loans.
22 USC 262r-1.

"**SEC. 1702. TRANSMISSION TO THE CONGRESS OF OPERATING SUMMARIES OF THE MULTILATERAL DEVELOPMENT BANKS.**

"The Secretary of the Treasury shall transmit to the Congress, on a monthly basis, current copies of the Monthly Operating Summary of the International Bank for Reconstruction and Development, showing the loan proposals or appraisal reports under consideration and the status of those loan proposals or appraisal reports within the Bank. The Secretary of the Treasury shall also transmit to the Congress, at such times as may be appropriate, comparable documents prepared by the other multilateral development banks which show the loans or credits under consideration in the other multilateral development banks.

Records.

22 USC 262r-2.

"**SEC. 1703. COMBINED REPORT ON EFFECT OF PENDING MULTILATERAL DEVELOPMENT BANK LOANS ON ENVIRONMENT, NATURAL RESOURCES, PUBLIC HEALTH, AND INDIGENOUS PEOPLES.**

"Not later than April 1 and October 1 of each year, the Administrator of the Agency for International Development, in consultation with the Secretary of the Treasury and the Secretary of State, shall submit to the Committee on Appropriations and the Committee on Banking, Finance and Urban Affairs of the House of Representatives, and the Committee on Appropriations and the Committee on Foreign Relations of the Senate, as a combined report, the reports required by section 1303(c) of this Act and by section 537(h)(2) of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1988 (sec. 1(e) of Public Law 100-202).

"TITLE XVIII—EXPORT ENHANCEMENT

22 USC 262s-1.

"**SEC. 1802. PROCUREMENT OPPORTUNITIES FOR UNITED STATES FIRMS.**

"The Secretary of the Treasury shall instruct the United States Executive Directors of the multilateral development institutions to

take all possible steps to ensure that information relating to potential procurement opportunities for United States firms is expeditiously communicated to the Secretary of the Treasury, the Secretary of State, and the Secretary of Commerce, and is disseminated as widely as possible to large and small businesses.

“TITLE XIX—PERSONNEL PRACTICES

“SEC. 1901. PERSONNEL PRACTICES.

22 USC 262t.

“(a) **STATEMENT OF POLICY.**—It shall be the policy of the United States that no initiatives, discussions, or recommendations concerning the placement or removal of any personnel employed by the international financial institutions shall be based on the political philosophy or activity of the individual under consideration.

“(b) **CONSULTATION.**—The Secretary of the Treasury shall consult with the Chairman and the ranking minority member of the Committee on Banking, Finance and Urban Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate before any discussion or recommendations by any official of the United States Government concerning the placement or removal of any principal officer of any international financial institutions.”.

(b) **TRANSFER OF PROVISIONS RELATING TO MULTILATERAL DEVELOPMENT BANK PROCUREMENT.**—(1) Section 3202 of the Omnibus Trade and Competitiveness Act of 1988 (22 U.S.C. 262a) is hereby transferred to the International Financial Institutions Act, inserted after the heading of title XVIII (as added by the amendment made by subsection (a) of this section), and redesignated as section 1801.

22 USC 262q.

22 USC 262s.

(2) Section 2302 of the Omnibus Trade and Competitiveness Act of 1988 (15 U.S.C. 4722) is hereby transferred to the International Financial Institutions Act, inserted after section 1802 (as added by the amendment made by subsection (a) of this section), redesignated as section 1803, and amended by striking subsection (c).

22 USC 262s-2.

(c) **CONFORMING AMENDMENT.**—Section 701(c) of the International Financial Institutions Act (22 U.S.C. 262d(c)) is amended to read as follows:

“(c)(1) Not later than 30 days after the end of each calendar quarter, the Secretary of the Treasury shall report quarterly on all loans considered by the Boards of Executive Directors of the institutions listed in subsection (a) to the Chairman and ranking minority member of the Committee on Banking, Finance and Urban Affairs of the House of Representatives, or the designees of such Chairman and ranking minority member, and the Chairman and ranking minority member of the Committee on Foreign Relations of the Senate.

Reports.
Loans.

“(2) Each report required by paragraph (1) shall—

Human rights.

“(A) include a list of all loans considered by the Board of Executive Directors of the institutions listed in subsection (a) and shall specify with respect to each such loan—

“(i) the institution involved;

“(ii) the date of final action;

“(iii) the borrower;

“(iv) the amount;

“(v) the project or program;

“(vi) the vote of the United States Government;

“(vii) the reason for United States Government opposition, if any;

“(viii) the final disposition of the loan; and

“(ix) if the United States Government opposed the loan, whether the loan meets basic human needs;

“(B) indicate whether the United States has opposed any loan, financial assistance, or technical assistance to a country on human rights grounds;

“(C) indicate whether the United States has voted in favor of a loan, financial assistance, or technical assistance to a country with respect to which the United States had, in the preceding 2 years, opposed a loan, financial assistance, or technical assistance on human rights grounds; and

“(D) in cases where the United States changed its voting position from opposition to support or from support to opposition, on human rights grounds—

“(i) indicate the policy considerations that were taken into account in the development of the United States voting position;

“(ii) describe human rights conditions in the country involved;

“(iii) indicate how the United States voted on all other loans, financial assistance, and technical assistance to such country during the preceding 2 years; and

“(iv) contain information as to how the United States voting position relates to the overall United States Government policy on human rights in such country.”

(d) **REPEALS.**—The following provisions of law are hereby repealed:

(1) Paragraphs (5) and (6) of section 4(b), and sections 15(b), 30(b), 33(c), and 50, of the Bretton Woods Agreements Act (22 U.S.C. 286b(b) (5) and (6), 286e-9(b), 286s(c), and 286b-2).

(2) Section 4(b) of the Asian Development Bank Act (22 U.S.C. 285b(b)).

(3) Section 12 of the Inter-American Development Bank Act (22 U.S.C. 283i).

(4) Sections 701(g)(1), 1103, 1307, and 1602(d) of the International Financial Institutions Act (22 U.S.C. 262d(g)(1), 262g-2 note, 262m-6, and 262p-1(d)).

(5) Chapter 3 of Public Law 91-599 (84 Stat. 1658).

(6) Sections 102 and 401 of Public Law 96-259 (22 U.S.C. 283 note and 262i).

(7) Sections 1005 and 1006 of the Supplemental Appropriations Act, 1984 (Public Law 98-181; 22 U.S.C. 276c-3).

(8) Section 537(c) of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1988 (sec. 101(e) of Public Law 100-202; 22 U.S.C. 262l(c)).

(e) **OTHER CONFORMING AMENDMENTS.**—The following provisions of law are each amended by striking the last sentence:

(1) Section 4 of the International Finance Corporation Act (22 U.S.C. 282b).

(2) Section 4 of the Inter-American Development Bank Act (22 U.S.C. 283b).

(3) Section 204 of the Inter-American Investment Corporation Act (22 U.S.C. 283cc).

(4) Section 4 of the International Development Association Act (22 U.S.C. 284b).

(5) Section 408 of the Multilateral Investment Guarantee Agency Act (22 U.S.C. 290k-5).

22 USC 286k-1.

22 USC 286b-1.

22 USC 262l
note.

(6) Section 204 of the African Development Fund Act (22 U.S.C. 290g-2).

(7) Section 1335 of the African Development Bank Act (22 U.S.C. 290i-3).

(8) Section 701(d) of the International Financial Institutions Act (22 U.S.C. 262d(d)).

(f) CLERICAL AMENDMENTS.—

(1) Section 4(b) of the Bretton Woods Agreements Act (22 U.S.C. 286b(b)) is amended by redesignating paragraphs (7) and (8) as paragraphs (5) and (6), respectively.

(2) Section 30 of the Bretton Woods Agreements Act (22 U.S.C. 286e-9) is amended by striking "(a)".

22 USC 285b.

(3) Section 4 of the Asian Development Bank Act (22 U.S.C. 285b-9) is amended by striking "(a)".

(4) Title XIII of the International Financial Institutions Act (22 U.S.C. 262m et seq.) is amended by redesignating section 1308 (as added by section 521 of this Act) as section 1307.

TITLE VI—MISCELLANEOUS PROVISIONS

SEC. 601. SENSE OF THE CONGRESS THAT THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT AND THE INTERNATIONAL MONETARY FUND SHOULD EXPEDITIOUSLY ACT UPON LOAN REQUESTS FROM POLAND.

It is the sense of the Congress that, based on the liberalization of Poland's economic system and the opening of its economic system to market forces, the Secretary of the Treasury should instruct the United States Executive Directors of the International Bank for Reconstruction and Development and of the International Monetary Fund to urge upon their colleagues that their respective institutions move as expeditiously as possible in considering and acting upon loan requests from, and in disbursing approved loans to, Poland.

SEC. 602. SENSE OF THE CONGRESS SUPPORTING ASSISTANCE BY MULTILATERAL LENDING INSTITUTIONS TO ESTABLISH FINANCIAL INSTITUTIONS IN POLAND.

It is the sense of the Congress that the Secretary of the Treasury should instruct the United States Executive Directors of the multilateral development banks (as defined in section 1617 of the International Financial Institutions Act), of the International Finance Corporation, and of the Multilateral Investment Guarantee Agency to enter into discussions with the other executive directors of such institutions and, in such discussions, urge such institutions to consider and act promptly upon (and, in the case of the Multilateral Investment Guarantee Agency, after Poland becomes a member country of such institution) requests by individuals and private businesses in, and the Government of, Poland for financial and technical assistance in the establishment of financial institutions (including institutions such as credit unions, thrift institutions, and commercial banks) and businesses involved in the provision of credit and financial services.

SEC. 603. SENSE OF THE CONGRESS RELATING TO CONDITIONAL FINANCIAL ASSISTANCE BY MULTILATERAL LENDING INSTITUTIONS TO POLAND.

It is the sense of the Congress that the Secretary of the Treasury should instruct the United States Executive Directors of the multilateral development banks (as defined in section 1617 of the International Financial Institutions Act), of the International Monetary Fund, of the International Finance Corporation, and of the Multilateral Investment Guarantee Agency to enter into discussions with the other executive directors of such institutions and propose that such institutions not provide financial assistance or debt forgiveness to Poland until the government of Poland allows and facilitates privately owned entities established in foreign countries to invest in private commercial ventures in Poland.

SEC. 604. SENSE OF THE CONGRESS OPPOSING THE MAKING OF CERTAIN LOANS OR THE EXTENSION OF CERTAIN FINANCIAL AND TECHNICAL ASSISTANCE TO THE PEOPLE'S REPUBLIC OF CHINA.

(a) FINDINGS.—The Congress finds that—

(1) the Government of the People's Republic of China ordered the People's Liberation Army to brutally attack peaceful demonstrators who had assembled in Tiananmen Square;

(2) this attack violated the human rights of the demonstrators;

(3) several thousand innocent and defenseless protesters were killed in the initial assault;

(4) these violations of human rights have evolved into a pattern of continuing repression and reprisals against citizens throughout China as evidenced by the beating of alleged dissidents, the order to the army to shoot "rioters"—the Chinese Government's term for the peaceful demonstrators—on sight, the mass arrest of students and workers, the public declarations by government-controlled media that physicists Fang Lizhi and Li Shuxian (who are being given refuge in the United States Embassy in Beijing) are "guilty" before being afforded due process, and the banning of all independent, unofficial prodemocracy organizations;

(5) the Government of the People's Republic of China is trying to suppress truthful accounts of the actions taken in Beijing and throughout the country, by, among other things, expelling foreign journalists, including the local bureau chief of the Voice of America, from the country;

(6) the People's Republic of China has received almost \$8,000,000,000 in development loans from the International Bank for Reconstruction and Development, and increasing amounts of assistance from the Asian Development Bank;

(7) it is morally repugnant that, through such multilateral development banks, United States taxpayer dollars are used to support the present policies of the People's Republic of China;

(8) such development loans cannot be justified on economic grounds because economic development and market reforms cannot be achieved in the environment of repression that now clearly exists there; and

(9) the People's Republic of China is engaging in "a pattern of gross violations of internationally recognized human rights . . .

Fang Lizhi.
Li Shuxian.

such as flagrant denial to life, liberty, and the security of person”.

(b) **STATEMENT OF POLICY.**—It is the sense of the Congress that the President should—

(1) instruct the United States Executive Directors of the International Bank for Reconstruction and Development and the Asian Development Bank to use their voices and votes to oppose the making of any loan or the extension of any financial or technical assistance to the People's Republic of China, in accordance with section 701(f) of the International Financial Institutions Act; and

(2) consider the People's Republic of China to be a country described in section 701(a)(1) of such Act until the President determines that the repression and reprisals against persons in connection with the prodemocracy demonstrations have ended.

TITLE VII—MISCELLANEOUS

SEC. 701. SHORT TITLE.

This title may be cited as the “Global Environmental Protection Assistance Act of 1989”.

PART A—COMMERCIAL DEBT-FOR-NATURE EXCHANGES

SEC. 711. AMENDMENT TO THE FOREIGN ASSISTANCE ACT.

The Foreign Assistance Act of 1961 is amended by inserting after chapter 6 of part I the following new chapter:

“CHAPTER 7—DEBT-FOR-NATURE EXCHANGES

“SEC. 461. **DEFINITION.**—For purpose of this chapter, the term ‘debt-for-nature exchange’ means the cancellation or redemption of the foreign debt of the government of a country in exchange for—

22 USC 2281.

“(1) that government's making available local currencies (including through the issuance of bonds) which are used only for eligible projects involving the conservation or protection of the environment in that country (as described in section 463); or

“(2) that government's financial resource or policy commitment to take certain specified actions to ensure the restoration, protection, or sustainable use of natural resources within that country; or

“(3) a combination of assets and actions under both paragraphs (1) and (2).

“SEC. 462. **ASSISTANCE FOR COMMERCIAL DEBT EXCHANGES.**—(a) The Administrator of the Agency for International Development is authorized to furnish assistance, in the form of grants on such terms and conditions as may be necessary, to nongovernmental organizations for the purchase on the open market of discounted commercial debt of a foreign government of an eligible country which will be canceled or redeemed under the terms of an agreement with that government as part of a debt-for-nature exchange.

Grants.
22 USC 2282.

“(b) Notwithstanding any other provision of law, a grantee (or any subgrantee) of the grants referred to in subsection (a) may retain, without deposit in the Treasury of the United States and without

Global
Environmental
Protection
Assistance Act
of 1989.
Conservation.
International
agreements.
22 USC 2151
note.

further appropriation by Congress, interest earned on the proceeds of any resulting debt-for-nature exchange pending the disbursements of such proceeds and interest for approved program purposes, which may include the establishment of an endowment, the income of which is used for such purposes.

22 USC 2283.

"SEC. 463. ELIGIBLE PROJECTS.—(a) The Administrator of the Agency for International Development shall seek to ensure that debt-for-nature exchanges under this chapter support one or more of the following activities by either the host government, a local private conservation group, or a combination thereof:

"(1) restoration, protection, or sustainable use of the world's oceans and atmosphere;

"(2) restoration, protection, or sustainable use of diverse animal and plant species;

"(3) establishment, restoration, protection, and maintenance of parks and reserves;

"(4) development and implementation of sound systems of natural resource management;

"(5) development and support of local conservation programs;

"(6) training programs to strengthen conservation institutions and increase scientific, technical, and managerial capabilities of individuals and organizations involved in conservation efforts;

"(7) efforts to generate knowledge, increase understanding, and enhance public commitment to conservation;

"(8) design and implementation of sound programs of land and ecosystem management; and

"(9) promotion of regenerative approaches in farming, forestry, fishing, and watershed management.

"(b)(1) In cooperation with nongovernmental organizations, the Administrator of the Agency for International Development shall seek to identify those areas, which because of an imminent threat, are in particular need of immediate attention to prevent the loss of unique biological life or valuable ecosystem.

"(2) The Administrator of the Agency for International Development shall encourage as many eligible countries as possible to propose such exchanges with the purpose of demonstrating to a large number of governments the feasibility and benefits of sustainable development.

22 USC 2284.

"SEC. 464. ELIGIBLE COUNTRIES.—In order for a foreign country to be eligible to participate in a debt-for-nature exchange under this chapter, the Administrator of the Agency for International Development shall determine that—

"(1) the host country is fully committed to the long-term viability of the program or project that is to be undertaken through the debt-for-nature exchange;

"(2) a long-term plan has been prepared by the host country, or private conservation group, which adequately provides for the long-term viability of the program or project that is to be undertaken through the debt-for-nature exchange or that such a plan will be prepared in a timely manner; and

"(3) there is a government agency or a local nongovernmental organization, or combination thereof, in the host country with the capability, commitment, and record of environmental concern to oversee the long-term viability of the program or project that is to be undertaken through the debt-for-nature exchange.

"SEC. 465. TERMS AND CONDITIONS.—(a) The terms and conditions for making grants under this chapter shall be deemed to be fulfilled

Grants.
22 USC 2285.

upon final approval by the Administrator of the Agency for International Development of the debt-for-nature exchange, a certification by the nongovernmental organization that the host government has accepted the terms of the exchange, and that an agreement has been reached to cancel the commercial debt in an agreed upon fashion.

“(b) Grants made under this section are intended to complement, and not substitute for, assistance otherwise available to a foreign country under this Act or any other provision of law.

“(c) The United States Government is prohibited from accepting title or interest in any land in a foreign country as a condition on the debt exchange.

Real property.

“SEC. 466. PILOT PROGRAM FOR SUB-SAHARAN AFRICA.—(a) The Administrator of the Agency for International Development, in cooperation with nongovernmental conservation organizations, shall invite the government of each country in sub-Saharan Africa to submit a list of those areas of severely degraded national resources which threaten human survival and well-being and the opportunity for future economic growth or those areas of biological or ecological importance within the territory of that country.

22 USC 2286.

“(b) The Administrator of the Agency for International Development shall assess the list submitted by each country under subsection (a) and shall seek to reach agreement with the host country for the restoration and future sustainable use of those areas.

“(c)(1) The Administrator of the Agency for International Development is authorized to make grants, on such terms and conditions as may be necessary, to nongovernmental organizations for the purchase on the open market of discounted commercial debt of a foreign government of an eligible sub-Saharan country in exchange for commitments by that government to restore natural resources identified by the host country under subsection (a) or for commitments to develop plans for sustainable use of such resources.

Grants.

“(2) Notwithstanding any other provision of law, a grantee (or any subgrantee) of the grants referred to in section (a) may retain, without deposit in the Treasury of the United States and without further appropriation by Congress, interest earned on the proceeds of any resulting debt-for-nature exchange pending the disbursements of such proceeds and interest for approved program purposes, which may include the establishment of an endowment, the income of which is used for such purposes.”

PART B—MULTILATERAL FOREIGN ASSISTANCE COORDINATION

SEC. 721. GENERAL POLICY.

It is the sense of the Congress that the Secretary of State should seek to develop an increased consideration of global warming, tropical deforestation, sustainable development, and biological diversity among the highest goals of bilateral foreign assistance programs of all countries.

SEC. 722. POLICY ON NEGOTIATIONS.

(a) IN GENERAL.—The Secretary of State, acting through the United States representative to the Development Assistance Committee of the Organization for Economic Coordination and Development (OECD), should initiate, at the earliest practicable

date, negotiations among member countries on a coordinated approach to global warming, tropical deforestation, sustainable development, and biological diversity through bilateral assistance programs that would include—

(1) increased consideration of the impact of developmental projects on global warming, tropical deforestation, and biological diversity;

(2) reduction or elimination of funding for those projects that exacerbate those problems;

(3) coordinated research and development of projects that emphasize sustainable use or protection of tropical forests and support for local conservation efforts;

(4) expanded use of forgiveness of foreign assistance debt in exchange for policy changes or programs that address problems associated with global warming, tropical deforestation, sustainable development, and biological diversity;

(5) increased use of foreign assistance funds and technical assistance in support of local conservation, restoration, or sustainable development efforts and debt-for-nature exchanges;

(6) improved exchange of information on energy efficiency and solar and renewable energy sources, and a greater emphasis on the use of those sources of energy in developmental projects; and

(7) increased use of environmental experts in the field to assess development projects for their impact on global warming, tropical deforestation, and biological diversity.

(b) **IMPLEMENTATION OF AGREEMENT.**—Negotiations described in subsection (a) shall seek to ensure that the recommended changes are implemented as quickly as possible by member countries of the Development Assistance Committee.

TITLE VIII—EFFECTIVE DATE

SEC. 801. EFFECTIVE DATE.

Except as otherwise provided in this Act, this Act and the amendments made by this Act shall take effect on the date of the enactment of this Act.

Approved December 19, 1989.

LEGISLATIVE HISTORY—H.R. 2494:

HOUSE REPORTS: No. 101-271 (Comm. on Banking, Finance and Urban Affairs).
CONGRESSIONAL RECORD, Vol. 135 (1989):

Oct. 18, considered and passed House.

Nov. 21, considered and passed Senate, amended. House concurred in Senate amendments.

WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 25 (1989):

Dec. 19, Presidential statement.

Energy.

22 USC 262d
note.