DRAFT LEGISLATIVE LANGUAGE FOR IDA 13
March 27, 2002

1. DEBT CANCELLATION

The Secretary of the Treasury shall instruct the United States Executive Director at each international financial institution (as defined in section 1701(c)(2) of the International Financial Institutions Act) and the International Monetary Fund to –

(1) Immediately commence efforts to achieve significantly deeper and broader multilateral debt cancellation for impoverished countries beyond existing debt relief efforts.
- (A) In financing the objectives in paragraph (1), priority shall be given to using the international financial institutions' own resources.
- (B) The debt cancellation in paragraph (1) shall not be linked to agreement by impoverished countries to implement, nor comply with, policy conditions that deepen poverty or degrade the environment, [such as] [including] –
  - (i) the implementation or extension of user fees on primary education or primary health care, including prevention and treatment efforts for HIV/AIDS, malaria, tuberculosis, and infant, child, and maternal well-being;
  - (ii) increased cost recovery from poor people to finance basic public services such as education, health care, clean water, or sanitation;
  - (iii) policies that reduce a country's minimum wage to a level of less than $2.00 per day or undermine workers' ability to effectively exercise their internationally recognized worker rights, as defined under section 526(e) of the Foreign Operations, Export Financing and Related Programs Appropriations Act of 1995 (22 U.S.C. 262p-4p); and
  - (iv) policies that promote unsustainable extraction of resources or result in reduced budget support for environmental programs.
- (C) A country shall not be eligible for cancellation of debt under this section if the government of the country –
  - (i) has an excessive level of military expenditures;
  - (ii) has repeatedly provided support for acts of international terrorism, as determined by the Secretary of State under section 6(j)(1) of the Export Administration Act of 1979 (50 U.S.C. App. 2405(j)(1)) or section 620A(a) of the Foreign Assistance Act of 1961 (22 U.S.C. 2371(a));
  - (iii) is failing to cooperate on international narcotics control matters; or
  - (iv) (including its military or other security forces), engages in a consistent pattern of gross violations of internationally recognized human rights.
- (D) A country which is otherwise eligible to receive cancellation of debt under this section may receive such cancellation only if the country has agreed –
  - (i) to ensure that the financial benefits of debt cancellation are applied to programs to combat poverty (in particular through concrete measures to improve basic services in education, nutrition, and health, particularly treatment and prevention of the leading causes of mortality, such as AIDS) and to redress environmental degradation;
  - (ii) to ensure that the financial benefits of debt cancellation are in addition to the government's total spending on poverty reduction for the previous year or the average total of such expenditures for the previous 3 years, whichever is greater;

(iii) to implement transparent and participatory policy making and budget procedures, good governance, and effective anticorruption measures; and
(iv) to broaden public participation and popular understanding of the principles and goals of poverty reduction.

(2) Give due consideration to the following methods of achieving significantly deeper and broader multilateral debt cancellation –
(A) 100% cancellation of the multilateral debt of impoverished countries; and
(B) Debt stock reduction sufficient to reduce the annual payments on an impoverished country's public and publicly guaranteed debt to not more than 10 percent of the amount of the annual current revenues received by that country from internal resources and, in the case of a country suffering a severe health crisis; and
(C) For the purposes of paragraph (B) above, a country will be deemed to be suffering a "severe health crisis" if the HIV/AIDS infection rate for the country, as reported in the most recent epidemiological data compiled by the Joint United Nations Program on HIV/AIDS or the United States Agency for International Development, is at least 5 percent among women attending prenatal clinics, or 20 percent or more among individuals in groups with high-risk behavior. This does not preclude other countries that do not meet this criteria from also being deemed as suffering a "severe health crisis" for the purposes of paragraph (B) above.

The Secretary of the Treasury shall submit a report to the Speaker of the House of Representatives, the President of the Senate, and the Committees on Appropriations no later than June 30, 2003 on the progress made in achieving the objectives set forth in paragraph (1), the extent to which both methods of multilateral debt cancellation in paragraph (2) have been used, and, if the methods in paragraph (2) have not been used, why not.

2. LOANS VS. GRANTS

For payment to the International Development Association (IDA) by the Secretary of the Treasury, $ 2.85 billion, to remain available until expended, provided that the Secretary of the Treasury shall:

(1) accord high priority to encouraging IDA to establish and implement a policy to provide on grant terms not less than 50 percent of overall new assistance during the thirteenth replenishment period of IDA. Such grant assistance to be provided only to:
(A) countries which are eligible for assistance from IDA but not from the International Bank for Reconstruction and Development, or
(B) public regional organizations established by two or more countries for the production of global public goods,

(2) ensure that all grant assistance provided under paragraph (1) is subject to the same safeguard policies, information disclosure policy, and Inspection Panel review as comparable IDA loans.

(3) provide, and encourage each of the other donor members of IDA to provide, beginning in fiscal year 2003, its fair share of the amount necessary to offset the impact on IDA assistance capacity of the loss of credit repayments resulting from implementation of the policy described in clause (1).

Provided further, That of the amount made available to IDA by the Secretary of the Treasury pursuant to this paragraph, not less than $65 million shall be made available for the purpose specified in clause (3).

3. TRANSPARENCY

(a) IN GENERAL- The Secretary of the Treasury shall instruct the United States Executive Director at each international financial institution (as defined in section 1701(c)(2) of the International Financial Institutions Act) and the International Monetary Fund to--

(1) continue to make efforts to promote greater transparency regarding the activities of such institutions, including project design, project monitoring and evaluation, project implementation, resource allocation, and decision-making;

(2) support continued efforts to allow informed participation and input by affected communities, including translation of information on proposed projects, providing information through information technology applications, oral briefings, and outreach to and dialogue with community organizations and institutions in affected areas; and

(3) work toward ensuring that—

  (A) meetings of the Boards of Directors (or, in the case of the International Fund for Agricultural Development, the Board of Governors) of their respective institutions are open to the public and the media, except for discussion of individual personnel matters;

  (B) transcripts of such meetings are available to the public no later than 60 calendar days after the meetings, except for discussion of individual personnel matters; and

  (C) all key documents that are to be considered by the Board of Directors (or, in the case of the International Fund for Agricultural Development, the Board of Governors) of their respective institutions will be made available to the public at least 30 days before consideration by the Board.

(4) make available on the web site of the U.S. Department of Treasury the full record of the remarks of the United States Executive Director at Board Meetings of each international financial institution and the International Monetary Fund, with redaction by the Secretary of the Treasury of material deemed too sensitive for public distribution, but showing the topic, amount of material redacted, and reason for the redaction.

(b) GRANTS-

(1) IN GENERAL- The Secretary of the Treasury may make grants in such amounts as the Secretary deems appropriate to any institution specified in paragraph (2) which--

  (A) has implemented transparency reforms called for by this legislation; and

  (B) provides assurances to the Secretary that the institution will use the grant solely for transparency activities.

(2) INSTITUTIONS- The institutions specified in this paragraph are the international financial institutions (as defined in section 1701(c)(2) of the International Financial Institutions Act) and the International Monetary Fund.

(3) LIMITATIONS ON AUTHORIZATION OF APPROPRIATIONS- For grants under this subsection, there are authorized to be appropriated to the Secretary of the Treasury not more than $10 million for fiscal year 2003.

4. SOCIAL AND ENVIRONMENTAL ASSESSMENTS

(a) The Secretary of the Treasury shall instruct the United States Executive Director at each international financial institution (as defined in section 1701(c)(2) of the International Financial Institutions Act) and the International Monetary Fund to –

(1) Oppose any programmatic or adjustment loan, credit, grant, or guarantee that is not accompanied by a public, ex ante environmental and social assessment analyzing the main environmental and social challenges in a country, the impacts of the lending instrument and the policies contained therein on these challenges, and mitigating policy options;
(2) Promote a policy requiring environmental and social assessments for all non-project lending to be commissioned by the institution; and
(3) Lead efforts in the Board to promote timely economic and sector work (ESW), which forms the analytical basis for programmatic and adjustment lending, and oppose any loan, credit, grant or guarantee that is not based on current (no more than three years out of date) ESW.

For any loan, credit, grant or guarantee that is approved by the institution's board without the assessments stipulated in x.x, future U.S. appropriations to the respective institution may be reduced by an amount equal to the U.S. financial contribution of the loan, credit, grant or guarantee that lacks an environmental and social assessment.

(b) The assessments required in section (a) –
(1) Shall be formulated in a participatory manner, based on participatory poverty assessments, national development dialogues, and other local community and regional consultations that include women's groups, environmental organizations, trade unions, poor peoples' groups, indigenous organizations and other groups of affected people, and shall analyze feasible loan alternatives, including the "without loan" situation;
(2) Shall be conducted upstream in the loan, credit, grant, or guarantee development cycle or based on current ESW in an emergency loan situation;
(3) Shall analyze prior experience of similar policies to assess actual as well as potential impacts; and
(4) Shall be released 120 days in advance of the date of Board approval in the borrowing country and on the institution's web site.

Exceptional circumstances that would preclude the completion of an assessment shall require approval by the institution's Board of Executive Directors and shall be disclosed publicly in the same manner as the assessment itself would be disclosed under subparagraph (4) above.

(c) The assessments required in section (a) shall analyze the environmental, poverty, worker, and gender impacts of the lending instrument and the policies contained therein, and recommend alternative policy options to mitigate or eliminate any negative impacts identified.
(1) Environmental impacts to be analyzed shall include –
  (A) The potential impact of any recommended policies on the country's institutional and financial ability to implement a credible natural resources management plan; introduce or enforce laws to ensure the sustainable use of natural resources; and maintain environmentally and/or socially favorable subsidies where a safety net is required.
  (B) A baseline assessment of the potential impact of any recommended policies on core environmental sustainability indicators including but not limited to the proportion of land area covered by forest; land area protected to maintain biological diversity; proportion of cropland under organic or pesticide-free production; proportion of population with sustainable access to clean drinking water and improved sanitation; and proportion of people with secure land tenure.
(2) Poverty impacts to be analyzed shall include –

(A) A baseline assessment and assessment of the potential impact of any recommended policies on core development indicators disaggregated by gender [development indicators derived from indicators to assess the 2015 Millennium goals] including the number of people living in extreme poverty defined as less than $1 per day; number of people living on less than $2 per day or living below the national poverty line; child immunization rates; child malnutrition measured as incidence of underweight under-5 year olds; under-5 mortality rates; maternal mortality ratio; HIV prevalence among 15-to-24-year-old pregnant women; contraceptive prevalence rate; the number of children orphaned by HIV/AIDS; enrollment in primary and secondary school (girls and boys) and primary school completion rates; literacy of 15-24 year olds; and percentage of the population with access to safe water.

(3) Worker impacts to be analyzed shall include –

(A) The potential impact of any recommended policies on the ability of all workers in the country to effectively exercise their internationally recognized worker rights and on the general level of worker welfare in the country; and

(B) An identification of any specific group of workers that may be disproportionately affected by a recommended policy, either because of their sector of employment, geographical location, or social status including gender, and a detailed analysis of how any recommended policies may impact these specific workers' ability to effectively exercise their internationally recognized worker rights.

(4) Gender impacts to be analyzed shall include –

(A) Sex-disaggregated impacts of all policies and project and adjustment interventions in every sector highlighting numbers and proportions of men and women targeted and/or affected, for example: the numbers of men and women laid off in enterprise privatization and/or downsizing and the number of men and women retrained; the percent of male and female credit borrowers and amounts loaned to each group; time use such as time spent by males and females carrying water and fuel; the proportion of housing units owned by males and females; the proportion of men and women actively contributing to participatory exercises; and

(B) Sex-disaggregated baseline numbers of men and women and boys and girls affected by any projects or interventions.

If a loan is approved, a mandatory follow-up assessment of all of the above indicators is required no later than two years after loan approval and at five years after loan approval.

(d) Definitions

For the purposes of this Act –

(1) "internationally recognized worker rights" is defined in section 526(e) of the Foreign Operations, Export Financing and Related Programs Appropriations Act of 1995 (22 U.S.C. 262p-4p); and

(2) "worker welfare" includes sex-disaggregated data on the overall unemployment rate in the country; the rate of employment in informal or other unregulated sectors as opposed to formal employment; the level of underemployment; the minimum and average wages in the country; the incidence of employment discrimination as defined in relevant International Labor Organization Conventions; and the rate of income inequality.

5. HIV/AIDS

(a) The Secretary of the Treasury shall instruct the United States Executive Directors at each international financial institution (as defined in section 1701(c)(2) of the International Financial Institutions Act) and the International Monetary Fund to support continued efforts by such institutions as appropriate in regard to HIV/AIDS, tuberculosis, malaria, and other infectious diseases, including –

(1) design and implementation of HIV/AIDS, tuberculosis, malaria, and other infectious diseases impact assessment criteria into environmental and social assessment processes when designing and evaluating new project, loan, grant, document, or strategy proposals;

(2) work on disseminating information on best practices and project design for HIV/AIDS, tuberculosis, malaria, and other infectious diseases projects, including by ensuring a balanced approach that emphasizes the importance and interconnectedness of efforts directed at prevention, treatment and addressing stigma;

(3) support training for professional staff on HIV/AIDS, tuberculosis, malaria, and other infectious disease prevention issues to ensure that these health-related concerns are integrated into all aspects of the work of the institution;

(4) support for global or regional bulk procurement of pharmaceuticals for treatment or prevention of HIV/AIDS, tuberculosis, malaria, and other infectious diseases, seeking to obtain best world prices from producers meeting appropriate quality assurances; and

(5) inclusion in projects and programs related to HIV/AIDS, tuberculosis, malaria, and other infectious diseases of indicators for these diseases' infection and mortality rates and trends and number of people receiving treatment for these diseases; and mandatory measurement and public reporting for these indicators annually for the duration of the project or program and for at least three years after the program is completed.

(b) The Secretary of the Treasury shall instruct the United States Executive Directors at each international financial institution (as defined in section 1701(c)(2) of the International Financial Institutions Act) and the International Monetary Fund to oppose any project or program related to HIV/AIDS, tuberculosis, malaria, and other infectious diseases which is funded on a loan rather than grant basis.

6. WORKER RIGHTS

(a) The Secretary of the Treasury shall instruct the United States Executive Director at each international financial institution (as defined in section 1701(c)(2) of the International Financial Institutions Act) and the International Monetary Fund to oppose any loan, grant, document, or strategy, that is subject to endorsement or approval by the board of directors of any such institution, which includes any provision that would have a negative impact on internationally recognized worker rights.

(b) Definitions

For the purposes of this Act –

(1) "internationally recognized worker rights" is defined in section 526(e) of the Foreign Operations, Export Financing and Related Programs Appropriations Act of 1995 (22 U.S.C. 262p-4p); and

(2) a "provision that would have a negative impact on internationally recognized worker rights" includes, but is not limited to, any provision that would:

(A) support the creation or maintenance of an export processing zone that is exempt from domestic labor laws or regulations that accord workers internationally recognized worker rights including freedom of association and the right to bargain collectively and to strike;
(B) require or encourage a country to change its collective bargaining arrangements, whether by custom or by law, so as to limit such bargaining to the plant or enterprise level;
(C) require or encourage a country to wholly or partially privatize any public enterprise or agency without ensuring full respect for the terms of any collective bargaining agreement in force in the enterprise or agency and requiring management to negotiate in good faith with any trade union currently representing workers at the enterprise or agency;
(D) reduce the resources available to the labor inspectorate, labor courts, or other agencies responsible for the administration and enforcement of domestic labor laws and regulations;
(E) result in the unemployment or retrenchment of 100 or more workers without ensuring that the displaced workers are provided with adequate unemployment insurance, health insurance, retraining, and job placement opportunities;
(F) require or encourage a country to change its laws or regulations to reduce severance or other such worker payments in connection with layoffs;
(G) require or encourage a country to change its public benefits systems, including the pension or other retirement system, the unemployment insurance system, the health insurance system, or the workers' compensation system, without ensuring the involvement of workers and trade unions in the decision-making process through a tripartite dialogue or other formal means;
(H) require or encourage a country to change its minimum wage laws or regulations in order to freeze or reduce the country's minimum wage; or
(I) otherwise result in a reduction of the purchasing power of the country's minimum wage, as measured in purchasing power parity, to a level of less than $2 a day.

7. ENVIRONMENT

(a) REQUIREMENTS FOR FINANCIAL SUPPORT OF PROJECTS

The Secretary of the Treasury shall instruct the United States Executive Directors at each international financial institution (as defined in section 1701(c)(2) of the International Financial Institutions Act) and the International Monetary Fund to promote and integrate environmental sustainability measures in all activities of the respective institution by:

(1) Ensuring through ex ante environmental impact studies and policy compliance certification that all projects, particularly those in high-risk sectors such as extractive and infrastructure industries, fully comply with the institution's policies, and voting against any projects that do not fully comply with all policies.
(2) Leading efforts at the international financial institutions to initiate through a participatory process the development of selection criteria for projects in extractives industries, including criteria for determining the environmental, social, and poverty-reduction benefits and costs of each project, and evidence of the host country's willingness to implement natural resource management reforms. Criteria should also include the designation of environmentally and socially sensitive areas that are unsuitable for project lending. Such areas include highly protected areas (IUCN categories I-IV, marine category V protected areas, UNESCO World Heritage sites, core areas of UNESCO biosphere reserves and Natura 2000 sites); areas designated by a country as protected or priority conservation areas; areas containing the last

remaining examples of particular ecosystems or species; areas in which project affected communities and indigenous peoples have not given their prior informed consent; and areas of armed conflict or civil unrest.

(3) Considering the global climate impacts of proposed energy projects and leading efforts to promote more renewable energy and energy efficiency projects in IFI energy portfolios, particularly energy services targeted to the consumption needs of the world's two billion poor. To further this objective, each year the U.S. Executive Director shall reduce the amount approved for fossil fuel-based projects, including power plant and resource extraction projects, by 20% of the average value of fossil fuel projects during the previous three-year period. The U.S. Executive Director also shall approve a target of 20% for renewable energy and energy efficiency projects within the energy/power portfolios of the international financial institutions to be attained by the end of 2003.

In determining future appropriations to the International Financial Institutions, Congress may consider the progress each IFI has made towards the achievement of objectives outlined in sections xx-xx, and may prioritize funding to those institutions that have best achieved these objectives.

(b) REQUIREMENTS FOR FINANCIAL SUPPORT FOR DAM PROJECTS

The Secretary of the Treasury shall instruct the United States Executive Directors at each international financial institution (as defined in section 1701(c)(2) of the International Financial Institutions Act) and the International Monetary Fund to oppose any loan which provides support for any project that includes a dam unless the project conforms to the recommendations of the World Commission on Dams, which include the following terms:

(1) Comprehensive and participatory assessments of the energy, water, and flood management needs to be met and different options for meeting these needs are developed before detailed studies are done on any specific project.

(2) Priority is given to demand side management measures and optimizing the performance of existing infrastructure before building any new projects.

(3) Demonstrable public acceptance of all key decisions is achieved through agreements negotiated in an open and transparent process conducted in good faith and with the informed participation of all stakeholders. Decisions on projects affecting indigenous and tribal peoples are guided by their free, prior and informed consent.

(4) All recognized adversely affected people negotiate mutually agreed, formal and legally enforceable mitigation, resettlement and development entitlements.

(5) Periodic participatory reviews are done for existing dams to assess issues including dam safety, and the possibility of dam decommissioning.

(6) Mechanisms are developed to provide social compensation for those who are suffering the impacts of dams, and to restore damaged ecosystems.

In determining future appropriations to the International Financial Institutions, Congress may consider the progress each institution has made towards the achievement of objectives outlined in sections xx-xx, and may prioritize funding to those institutions that have best achieved these objectives.

(c) FOREST PROTECTION

The Secretary of the Treasury shall instruct the United States Executive Director at each international financial institution (IFI) (as defined in Section 1701(c)(2) of the International

Financial Institutions Act) and the International Monetary Fund (IMF) to oppose any loan, grant, document, or strategy proposed to be taken by the respective institution that would be inconsistent with responsible forest protection policy. None of the funds made available in this Act may be used to support loans, grants, documents, or strategies that are inconsistent with responsible forest protection policy.

[Committee Report language:

With regard to [Section x], the Committee understands responsible forest protection policy to require adherence to the following principles:

(1) Loans, grants, documents, and strategies in which the IFIs and the IMF are a party should not support commercial logging in primary or old growth forests or critical natural habitats, nor should they result in any significant loss or degradation of native forests of any type;

(2) Loans, grants, documents, and strategies involving any country where essential legal, economic, land tenure, and other policy conditions needed to ensure sustainable forest management are absent shall be restricted to activities designed to create these conditions;

(3) Loans, grants, documents, and strategies should not support agricultural development or industrial development (including mineral and petroleum extraction) in, or construction or upgrading of roads or other transportation systems through, primary or old growth forests or critical natural habits;

(4) Loans, grants, documents, and strategies should support, promote, or at a minimum not undermine the preservation of biological diversity, local self-reliance, and the needs, rights, and local economies of indigenous peoples and other long-term forest inhabitants. Such loans should not be made to countries which have shown an unwillingness to resolve fairly the territorial claims of such peoples and inhabitants; and

(5) Support for protection of biological diversity, in close consultation with local communities, should be increased to account for a larger proportion of IFI lending. Adequate safeguards and monitoring systems for such protection loans should be developed in consultation with local populations to prevent degradation of the surrounding forests.

The Committee understands the term "old growth forests" to refer to forests consisting of stands in which most or all of the trees that established from disturbances or externally imposed changes in the environment (allogenic processes) have died, and in which associated trees that, by contrast, established later as a result of interactions among plants (autogenic processes) comprise all or parts of the upper strata or canopy.

References:

Oliver, Chadwick D. and Bruce C. Larson, 1996. Forest Stand Dynamics, 2nd ed. New York: John Wiley & Sons.

Smith, David M., Bruce C. Larson, Matthew J. Kelty and P. Mark S. Ashton, 1997. The Practice of Silviculture: Applied Forest Ecology, 9th ed. New York: John Wiley & Sons.

[In order to be as broadly applicable as possible, i.e., equally applicable to all forest types in all parts of the world, this definition is *process*-based rather than *structure*- or *age*-based, since the latter attributes are usually very specific to particular tree species or forest types. Nevertheless, certain structural features are characteristic among old growth stands of many forest types. These include a multi-layered canopy of mature trees of species that are a native component of the given forest type, growth of trees primarily from beneath a canopy, and presence of a relative abundance of dead wood in varying stages of decomposition, including woody debris on the forest floor and standing dead snags.]

The Committee understands the term “primary forests” to refer to forests that have not been disturbed by human activity , or, where such activity has occurred, it has been limited enough in scale or long enough ago that its effects are indiscernible or negligible upon comparison with undisturbed forests of similar age and type in the same region. . Such human activity would be typically limited to low levels of hunting, fishing and harvesting of forest products, and, in some cases, to low density, shifting agriculture or grazing with prolonged fallow periods. (Adapted from the World Bank’s Forest Policy 1991 and from the United Nations Food and Agriculture Organization’s Global Forest Resources Assessment 2000 – FAO Forestry Paper 140.)

The Committee understands the term “critical natural habitats” to refer to: (i) existing protected areas and areas officially proposed by governments as protected areas (e.g., reserves that meet the criteria of the World Conservation Union [IUCN] classifications), areas initially recognized as protected by traditional local communities (e.g., sacred groves), and sites that maintain conditions vital for the viability of these protected areas (as determined by environmental assessments); or (ii) sites identified on supplementary lists prepared by the World Bank or other authoritative source. Such sites may include areas recognized by traditional local communities (e.g., sacred groves); areas with known high suitability for bio-diversity conservation; and sites that are critical for rare, vulnerable, migratory, or endangered species. Listings are based on systematic evaluations of such factors as species richness; the degree of endemism, rarity, and vulnerability of component species; representativeness; and integrity of ecosystem processes. (From Annex A of the World Bank’s Operational Policy 4.04 - Natural Habitats.)**]**

(d) REQUIREMENTS FOR FINANCIAL SUPPORT OF PROJECTS INVOLVING PEST MANAGEMENT

(1) The Secretary of the Treasury shall instruct the United States Executive Director at each international financial institution (as defined in section 1701(c)(2) of the International Financial Institutions Act) and the International Monetary Fund to promote the use of biological or environmental pest management methods and reduce reliance on synthetic chemical pesticides in projects in the institution’s lending portfolios. To further this objective, the U.S. Executive Director shall oppose projects that finance and/or include the use of World Health Organization Class IA and IB pesticides, and Class II pesticides if (a) the country lacks restrictions on their distribution and use; or (b) they are likely to be used by, or accessible to, lay personnel, farmers, or others without training, equipment, and facilities to handle, store, and apply these products properly. The U.S. Executive Director shall also oppose procurement of pesticides targeted for global elimination in the Stockholm Convention on Persistent Organic Pollutants (POPs). In addition, the U.S. Executive Director shall oppose agricultural development projects that do not address pest management issues in the project's environmental assessment or do not include a pest management plan supporting integrated pest management (IPM). (As defined in the World Bank's binding Operational Policy on pest management, IPM refers to "a mix of farmer-driven, ecologically based pest control practices that seeks to reduce reliance on synthetic chemical pesticides.")

(2) The Secretary of the Treasury shall instruct the United States Executive Director at each international financial institution (as defined in section 1701(c)(2) of the International Financial Institutions Act) and the International Monetary Fund to oppose any action that

would be inconsistent with the World Bank's Operational Policy on pest management (OP 4.09).

(3) With regard to [Section x], the Committee understands integrated pest management policy to require adherence to the following principles:
- (A) managing pests (keeping them below economically damaging levels) rather than seeking to eradicate them;
- (B) relying, to the extent possible, on nonchemical and ecologically-based measures to keep pest populations low;
- (C) using pesticides as a last resort and only when their use is justified under an IPM approach; and
- (D) selecting and applying pesticides, when they have to be used, in a way that minimizes adverse effects on beneficial and non-target organisms, humans and the environment.

(e) DEFINITIONS

Will include definitions for renewable energy, safeguard policies, others as need is identified.

8. STRENGTHENING POVERTY REDUCTION STRATEGIES AND DONOR COORDINATION

The President shall:

(1) Work with other member governments of the International Development Association to promote strengthening of borrowing country ownership of poverty reduction strategies (PRSPs), particularly through–
- (A) encouraging processes which promote broad, informed and timely participation of nongovernmental organizations of civil society (including charitable, educational, labor, business, professional, gender/women's groups, community and other stakeholders, especially representatives of poor people) in the design, implementation, monitoring and evaluation of both economic and social development components of such strategies;
- (B) encouraging that the participation described in subparagraph (A) be carried out in a manner that reinforces the countries' democratic political processes, including parliamentary processes;
- (C) encouraging the adoption of mechanisms to enhance the accountability of governments to the analysis and recommendations of civil society with respect to PRSPs; and
- (D) offering technical assistance to civil society organizations and governments in order to increase their capacity in the areas of design, implementation, monitoring and evaluation of poverty reduction strategies.

(2) instruct the Executive Director of the International Development Association (IDA) to promote –
- (A) delinking the Poverty Reduction Strategy process from the Highly Indebted Poor Country (HIPC) Initiative, subject only to –
  - (i) the establishment in the beneficiary country of a mechanism designed to assure that the budgetary savings resulting from HIPC debt relief are allocated and expended for poverty reduction needs; and
  - (ii) the development and public announcement in the beneficiary country of a detailed plan for the effective participation of civil society in the preparation of the PRSP;

(B) adoption of procedures for making available to the Board of Directors of IDA, at the time of their review of a PRSP, the analysis and comments of civil society on the participatory process employed as well as on the content of the PRSP;

(C) greater coherence between PRSPs and loans and grants from IDA by –

(i) dramatically reducing the number of macroeconomic and structural conditions attached to loans;

(ii) requiring that loan and grant agreements and implementation documents describe how the project or program will support the goals and strategies set out in the PRSP;

(iii) subjecting all proposed policy reforms to social and environmental impact analysis, as described in section 4, at an early stage in PRSP formulation, and using this analysis to present a range of policy options and the trade-offs among the options;

(iv) subjecting policy-based loans and grants approved prior to the completion of the PRSP to review and modification as necessary to bring them into conformity with the goals and strategies of the PRSP when completed; and

(v) requiring that loan and grant negotiations be subject to transparent and democratic procedures, including public disclosure of complete information as to the amount, terms and condition of the loans, and encouraging governments to conduct public reviews of proposed loans and grants; and

(D) the establishment by IDA of a mechanism for involving all major international and bilateral donors in the assessment of a country's poverty reduction strategy with the objective of establishing a common framework for all donors' assistance programs in the country.

9. GENDER

The Secretary of the Treasury shall instruct the United States Executive Director at each International Financial Institution to –

Ensure that all IFI project and adjustment operations undertake gender analyses and target women as necessary to promote gender equality. The World Bank's own research demonstrates compellingly that societies with greater gender discrimination tend to experience more poverty, slower economic growth and inferior living standards than societies with greater gender equality. Nevertheless, large-scale infrastructure, adjustment and other IFI projects have only rarely attempted to reduce gender disparities. Because many societies are patriarchal, by default most IFI loan benefits have accrued to men, and not only do women benefit less but their welfare has often deteriorated. Today, 70 percent of the world's poor are women.

10. MEASURING HEALTH AND EDUCATION OUTCOMES

The Secretary of the Treasury shall instruct the United States Executive Director at each international financial institution (as defined in section 1701(c)(2) of the International Financial Institutions Act) and the International Monetary Fund to oppose any health or education loan, grant, document, or strategy that is subject to endorsement or approval by the board of directors of any such institution, including sectoral reform programs, or any loan, grant, document, or strategy that includes a health or education or health or education sector reform component, that is subject to endorsement or approval by the board of directors of any such institution, if it does not include -

(1) measurement of specific baseline health and education indicators disaggregated by gender at the beginning of the program or project including –

(A) for health: coverage of key primary health services including immunization rates, percentage vitamin A supplementation coverage, for TB the number of patients successfully completing DOTS treatment, access of pregnant women to antenatal care; and key health outcomes: under-5 child mortality rate, maternal mortality ratio, percentage of underweight under 5-year olds; and
(B) for education: net primary school enrollment, ratio of girls to boys in primary school and primary school completion rates;
(2) projected measurable improvements in these indicators as a result of the loan or grant; and
(3) mandatory measurement and public reporting of these indicators annually for the duration of the project or program and for at least 3 years after the program is completed.

11. USER FEES

The Secretary of the Treasury shall instruct the United States Executive Director at each international financial institution (as defined in section 1701(c)(2) of the International Financial Institutions Act) and the International Monetary Fund to oppose any loan, grant, document, or strategy that is subject to endorsement or approval by the board of directors of any such institution, which includes user fees or service charges in impoverished countries directly or under the guise of community financing, cost-sharing, or cost recovery mechanisms, for primary education or primary health care, including prevention and treatment efforts for HIV/AIDS, malaria, tuberculosis, and infant, child, and maternal well-being.

12. INCREASED COST RECOVERY FROM POOR PEOPLE TO FINANCE BASIC SERVICES

The Secretary of the Treasury shall instruct the United States Executive Director at each international financial institution (as defined in section 1701(c)(2) of the International Financial Institutions Act) and the International Monetary Fund to oppose the endorsement or approval of any loan, grant, document, or strategy specific to an IDA-only country by the board of directors of any such institution, which includes increased cost recovery from persons with incomes of less than $2/day to finance basic public services such as education, health care, clean water, or sanitation; or which includes reduced public, intersectoral or intrasectoral subsidy to such persons to finance the consumption of such services by such persons.

13. NON-TRANSPARENT REDUCTIONS IN PUBLIC OWNERSHIP

The Secretary of the Treasury shall instruct the United States Executive Director at each international financial institution (as defined in section 1701(c)(2) of the International Financial Institutions Act) and the International Monetary Fund to oppose the endorsement or approval of any loan, grant, document, or strategy specific to an IDA-only country by the board of directors of any such institution, which includes reduction or elimination of public ownership or control of any enterprise, unless the Secretary of the Treasury has made a written determination that:
(1) policies are in place to ensure that any such privatization transaction is implemented in a transparent manner;
(2) policies are in place that adequately protect the interests of workers, small investors, women, low-income consumers, and other vulnerable groups in society to the extent that they may be affected by any such privatization transaction;
(3) appropriate regulatory regimes have been established to ensure the proper function of competitive markets in the industry or sector;

(4) if the country has a democratically-elected national legislature, such legislature has publicly approved any such privatization transaction at least 30 days prior to endorsement or approval by the board of the respective international financial institution; and
(5) if the privatization transaction impacts a specific sub-national jurisdiction (state, province, district, or municipality), the relevant sub-national governmental bodies have publicly approved the privatization transaction at least 30 days prior to endorsement or approval by the board of the respective international financial institution.

14. NON-TRANSPARENT TRADE AND INVESTMENT DEREGULATION
The Secretary of the Treasury shall instruct the United States Executive Director at each international financial institution (as defined in section 1701(c)(2) of the International Financial Institutions Act) and the International Monetary Fund to oppose the endorsement or approval of any loan, grant, document, or strategy specific to an IDA-only country by the board of directors of any such institution, which includes reduction or elimination of regulation or taxation of international trade or investment if the country has a democratically-elected national legislature, unless either:
(1) The Secretary of State has made a written determination that such legislature has publicly approved any such trade or investment deregulation policy at least 30 days prior to endorsement or approval by the board of the respective international financial institution; or
(2) The United States Trade Representative has made a written determination that failure by the country to implement such trade or investment deregulation would cause the country to be substantially out of compliance with a trade or investment agreement to which both the country and the United States are signatory.

15. POLICIES THAT UNDERMINE TOBACCO CONTROL
The Secretary of the Treasury shall instruct the United States Executive Director at each international financial institution (as defined in section 1701(c)(2) of the International Financial Institutions Act) and the International Monetary Fund to oppose the endorsement or approval of any loan, grant, document, or strategy by the board of directors of any such institution, which privatizes in whole or part, or reduces the public ownership of, any enterprise which is substantially involved in the manufacture, sale, or distribution of cigarettes, tobacco, or tobacco products, or which reduces taxes or tariffs on cigarettes or other tobacco products.

16. TRANCHING AND REPORTING REQUIREMENTS
Not more than $850 million may be paid by the Secretary of the Treasury to the International Development Association (IDA), nor shall any money be paid by the Secretary to IDA in FY 2004 or later, until each of the following conditions has been met:
(1) No later than June 30, 2003, the Secretary of the Treasury shall have submitted to the Committee on Financial Services of the House of Representatives and the Committee on Foreign Relations of the Senate a report documenting actions taken by the Secretary and other U.S. government officials to comply with each provision of this legislation;
(2) The Secretary of the Treasury has published such report on the web site of the Department of the Treasury;
(3) The Secretary of the Treasury shall have testified to the Committee on Financial Services of the House of Representatives and the Committee on Foreign Relations of the Senate concerning the contents of the report, and responded to written questions about it; and

(4) By a simple majority vote, the Committee on Financial Services of the House of Representatives and the Committee on Foreign Relations of the Senate have approved a resolution acknowledging receipt of such report and attesting to the adequacy of the report and the adequacy of actions taken by the Secretary of the Treasury and other U.S. government officials to comply with each provision of this legislation.

Provided further, that not more than $850 million may be paid by the Secretary of the Treasury to the International Development Association in FY 2004 or any subsequent fiscal year until the Secretary of the Treasury shall have submitted to the Committee on Financial Services of the House of Representatives and the Committee on Foreign Relations of the Senate a report certifying that each arm of the International Bank for Reconstruction and Development (the World Bank), has substantially implemented each reform called for by this legislation.

Provided further, that The Secretary of the Treasury shall make the following reports to the Committee on Financial Services of the House of Representatives and the Committee on Foreign Relations of the Senate:

(1) A notification within 10 days if the Board of Directors of any international financial institution (as defined in section 1701(c)(2) of the International Financial Institutions Act) or the International Monetary Fund endorses or approves any loan, grant, document, or strategy which includes any provision which the Secretary has been directed to oppose by United States law or policy;

(2) A report no later than one year after the effective date of this act and every year thereafter describing the extent to which each international financial institution (as defined in section 1701(c)(2) of the International Financial Institutions Act) and the International Monetary Fund have enacted and implemented guidelines that are consistent with responsible forest protection policy as set forth in this legislation; and

(3) A report no later than one year after the effective date of this act and every year describing the extent to which each international financial institution (as defined in section 1701(c)(2) of the International Financial Institutions Act) and the International Monetary Fund has enacted and implemented guidelines that are consistent with standards established in the World Bank's Operational Policy on pest management. The report shall evaluate the extent to which IPM principles are being incorporated and applied to pest management strategies and practices in borrower countries and use the following indicators to measure progress:
    (A) establishment and enforcement of an effective pesticide registration scheme;
    (B) bans or restrictions on the use of WHO Class I and II pesticides; and
    (C) investment in farmer-driven ecologically based IPM training.