# International Financial Institution Improvements Act of 2024
## Rep. Waters (D-CA)/Rep. Beatty (D-OH)

### Section-by-Section

**IFI Legislative Package** – The legislation has four titles:
- **Title I**: International Financial Institution (IFI) Provisions
- **Title II** – Multilateral Development Bank (MDB) Provisions
- **Title III** – International Monetary Fund (IMF) Provisions
- **Title IV** – Provisions for Capital Increases at the MDBs

**Title I: IFI Provisions**
- **Improvement of Transparency in Host Nations** – This provision would require Treasury to press the IFIs to have robust outreach and awareness campaigns to educate the public in recipient countries about the terms of the financing. This is intended as a response to what experts tell us is a local frustration from general populaces about China's forms of financing that come with few public details and suspicions that someone, other than the people or recipient nation, is benefitting from the IFI funds.

- **Collaboration with Civil Society Organizations –** This provision would require Treasury to advocate for policies that mandate that IFI staff consult with civil society organizations extensively, including on methods and timelines for consultation, engagement throughout project lifecycles, and engagement in the policy review process.

- **U.S. Leadership in Debt Relief** – This provision would direct Treasury to provide a report to Congress on issues related to debt relief, e.g., how to enhance borrowing countries' debt relief via multilateral frameworks, what the administration's priorities are in the negotiations in the debt-negotiation forums in which the U.S. participates, and how to increase the likelihood that low-income developing countries can gain or retain access to private capital markets even if they're in default in debt owed to sovereign creditors. It also mandates that Treasury strongly advocates for the integration of the better debt practices in the IMF's review of the Debt Sustainability Framework for Low-Income Countries, including robust debt restructuring.

**Title II: MDB Provisions**
- **Amending the World Bank's Articles of Agreement -** This provision would authorize the Treasury Secretary to accept an amendment to the World Bank's articles of agreement, eliminating the statutory lending limit.

- **Regulations for International Development Association (IDA) Securities** – The International Development Association is the concessional lending arm of the World Bank, and it is a primary source of low-cost or no-cost lending to the poorest countries. An exemption from registering its securities with the SEC would bring IDA into the same framework as other Multilateral Development Banks, resulting in a greater availability of financing to targeted recipients.

- **United States Coordination with the International Bank for Reconstruction and Development (IBRD) on Human Rights** – This provision would mandate that Treasury oppose projects that have already been rejected by U.S. aid agencies due to environmental, social, or human rights concerns, unless Treasury verifies that there are no longer such concerns and sends verification to the House Financial Services Committee (HFSC) and the Senate Foreign Relations Committee (SFRC).

- **Timeliness of Disbursements by the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA)** – This provision directs Treasury to assess the cause of bottlenecks and potential efficiencies to ensure the timely preparation and execution of World Bank funding and provide a report to Congress. There problem is that it can take a long time for World Bank funds to be disbursed, and this provision could help countries get necessary relief from the World Bank in a timelier manner.

- **Protections for Human Rights, including LGBTQ+ Persons** – This provision would mandate that Treasury oppose the World Bank providing financial assistance to countries that engage in the human rights abuses reported in the State Department's "Annual Country Reports on Human Rights Practices," including those towards people who identify as LGBTQ+. There is a public interest waiver included.

- **IDA Private Sector Lending Window –** This provision mandates that Treasury oppose the provision of additional funding for the Private Sector Window in replenishment rounds if any funding comes from IDA.

- **World Bank Support for Haiti Development –** This provision would mandate that Treasury advocate within the World Bank and with the Inter-American Development Bank for both banks to create long-term development plans for Haiti. Treasury would also provide a report to Congress within 180 days after enactment analyzing the World Bank's and the Inter-American Development Bank's current support for Haiti and how to strengthen this support.

- **World Bank Feasibility Study on a Consortium Bank in the Caribbean Region –** This provision would mandate that Treasury direct the World Bank to conduct a feasibility study on the development of a consortium bank model in the Caribbean region, in part to manage issues related to financial access and correspondent banking services, to reverse the trend of bank de-risking in the region.

- **Treasury Report on Accountability of the International Finance Corporation Regarding Bridge Academies** – This provision would mandate that Treasury report to Congress on a quarterly basis on actions completed by the World Bank to compensate survivors of child sexual abuse with financial compensation and other relief, and to hold accountable those involved in the Bridge Academies project. The quarterly report to Congress must also include details of reforms adopted by the IFC to prevent such failures in the future, as well as any steps taken by the IFC or IFC staff to block Treasury from sharing any information around this report or the Bridge Academies case with Congress.

- **Shipping Transparency Risk Mitigation** – Treasury will encourage the World Bank to ensure that project financing for shipping or ports projects includes transparency risk mitigation. Examples of these might be systems to detect when a ship has turned off its transponder (i.e., "ghost ships"), sanctions screening systems, and other due diligence mechanisms and standards for compliance, risk, legal, and audit to prevent illicit shipments and shipping practices.

- **World Bank Support for Efforts to Deny Safe Havens for Stolen Assets** – This provision would enhance the anti-money laundering and anti-corruption work of the World Bank's Stolen Asset Recovery (StAR) Initiative, a joint project with the United Nations' Office on Drugs and Crime (UNODC).

- **Continuation of Pause on World Bank Disbursements and Commitments to Burma** – This provision would mandate that the United States use voice and vote to continue the World Bank's pause on disbursements and new financing commitments to the government of Burma, which was initiated after a military coup overthrew the democratically-elected government of Burma in 2021.

- **Digital Public Infrastructure (DPI) Safeguards for International Financial Institutions Projects and Financing** – This provision would require Treasury to engage with other federal agencies, the private sector, and civil society to recommend possible safeguards that would be appropriate for future IFI DPI activities. According to the United Nations, "there is growing consensus on [DPI] being a combination of (i) networked open technology standards built for public interest, (ii) enabling governance, and (iii) a community of innovative and competitive market players working to drive innovation, especially across public programmes." Such programs include, but are not limited to, digital identity, banking, and payment systems. The U.S. is one of 193 nations that recently agreed to the UN's Universal DPI Safeguards Framework to develop standards to safeguard these national and potentially interconnected digital systems. Standards proposed in the Framework may not be sufficient to protect against corruption and financial crime or to instill public transparency, personal privacy, and private-sector involvement. With a report to Congress on what those safeguards might be, Congress can consider whether and how to press for such safeguards at the IFIs.

- **Independent Accountability Mechanisms –** This provision mandates that Treasury works with the MDBs to 1) support and increase the effectiveness of MDBs' independent accountability mechanisms (IAMs), including not only via engagement with MDB management but also with other executive directors, and 2) to advocate for MDBs' adoption of responsible exit policies. It also requires Treasury to report to the House Financial Services Committee and Senate Foreign Relations Committee annually on 1) all IAM cases that have been opened within the past year or remain open and 2) with information on the MDBs' engagement in the IAM cases including implementation of Management Action Plans (MAPs).

- **Sexual Exploitation and Assault (SEA) Prevention** – This provision mandates that the Treasury consult with the MDBs on how they are operationalizing their policies and guidance on preventing SEA, and they must provide ways to improve policies and guidance. Treasury must report to the House Committee on Financial Services and the Senate Foreign Relations Committee on how the MDBs are operationalizing their commitments to prevent SEA, including on the number of SEA cases reported to each MDB by civil society organizations and other entities and information on the number of cases that involved minors. Civil Society Organizations (CSO) have indicated to FSC staff that even though SEA cases routinely get reported to MDBs, particularly the African Development Bank, MDBs often do not actually take any action in these cases while their policies and procedures stay the same.

- **Publication of Loan Agreements** – This provision mandates that Treasury seeks to require that loan agreements be made public as a condition of the U.S. voting in favor of projects. This includes loan agreements for both public and private sector projects. This is important because CSOs have informed FSC staff that loan agreements are kept secret, and not even shared with the U.S. Executive Director's office (or any Executive Director's office). This means that people are voting without knowing about remediation agreements, legal obligations, and other issues.

- **Enhancing Transparency to Combat Anti-Corruption –** This provision mandates that Treasury encourages the MDBs to 1) ensure that all public-private partnerships related to infrastructure and services are competitively bid 2) oppose the subsidy of private sector investments that are not offered on competitive terms; and 3) consistently publish private-sector investment data (e.g., total investment cost, funding source, currency of investment).

- **Adoption of Anti-reprisal Standards –** This provision mandates that Treasury encourage MDBs to adopt anti- and retaliation standards in their safeguards policies and loan agreements to enhance accountability when reprisals occur. Per Accountability Council, reprisals or threats of reprisals have occurred in every case that they have been a part of, but reprisals and retaliation are typically not causes of action at the independent accountability mechanisms of the MDBs.

- **Reporting on Human Rights Abuses in For-Profit Healthcare -** This provision mandates that Treasury report to Congress on a biannual basis on any known accusations made by community groups, CSOs, media, or other credible actors, of human rights abuses at MDB-funded, for-profit hospitals, included those funded by the IFC, and on actions completed by the MDB private sector arms to investigate and address or respond to these accusations. This provision also mandates that U.S. advocate for the MDBs to examine their investments in healthcare to determine contribution to universal health coverage, the strengthening of national health systems, and the reduction of health inequities.

- **Combatting Climate Change.** This provision requires that the U.S. support the MDBs' public disclosure of their internal methodologies for calculating the extent to which projects that they finance impact climate change, and explanations of their processes and practices for making these assessments.

- **United States Advocacy for Investment in Projects That Decrease Reliance on Russia for Agricultural Commodities** – This provision would require Treasury to encourage the MDBs to support and finance projects that decrease reliance on Russia for agricultural commodities, particularly fertilizer and grain, ensure the resilience of global grain supplies, and stimulate private investment in such projects.

- **Urging the World Bank to Eliminate Anti-Labor Indicators from its Business Ready Report** – This provision states that the U.S. Executive Director at the World Bank must use the voice, vote, and influence of the United States to strongly urge the World Bank to eliminate the Minimum Wage Rate indicator, which punishes countries for having higher minimum wages, and the Financial Burden on Firms indicator, which punishes countries for having higher corporate taxes, from the Business Ready Report at the World Bank.

**Title III: IMF Provisions**

- **United States' Advocacy Of Debt Suspension By International Monetary Fund for Low-Income and Small Countries That Experience A Climate-Related Disaster** – This provision states that the U.S. shall advocate for a program that allows IDA countries and small states (as defined by the IMF to include many Caribbean countries) to suspend all debt repayments for and the accrual of any additional interest for five years post-disaster or until the country gets back to at least 80% of its pre-disaster GDP, whichever comes later, if the country experiences a climate-related disaster, as defined by the IMF.

- **Loan Conditionality** – This provision states that the U.S. encourage the reduction or elimination of loan conditions that: limit spending on key social needs such as health, education, or climate action; weaken environmental, labor, public health regulations; or increase taxes or reduce subsidies in such a way that falls regressively on recipient country populations.

- **Anti-Corruption Measures in Lending Agreements** – This provision states that the U.S. must encourage IMF to incorporate anti-corruption measures in lending agreements to build sustainable economies, including ensuring that governments receiving loans make specific, measurable, and time-bound commitments as part of the loan agreements, with consequences for noncompliance.

- **Resilience and Sustainability Trust (RST) Financing** – This provision would amend the most recent appropriations law so that U.S. money could be used to finance loans to the RST in addition to the Poverty Reduction and Growth Trust. This is important because the Republicans cut the RST out from potentially receiving loans.

- **Quota Increase** – This provision would authorize an equiproportional increase in quota at the IMF consistent with the increase Treasury negotiated with the IMF Member countries. If Congress passes this provision the U.S. would retain its veto power and percent of shareholding at the IMF and China's share would not increase (even though it probably should based on its growth). At the IMF, Member countries' maximum financial commitments to the Fund are called "quota." Quota is broadly matched to a Member country's relative position in the world's economy, and voting shares at the IMF are in line with how much quota a country pays. This was in President Biden's most recent budget request.

- **New Arrangements to Borrow** – The New Arrangements to Borrow (NAB) is a set of bilateral credit agreements set up after the global financial crisis at the IMF to ensure that there was sufficient lending for countries around the world dealing with the 2008 financial crisis. This provision would authorize the expiration of our participation in the New Arrangements to Borrow (NAB) at the IMF when the NAB at the IMF is phased out and would allow the money previously in the NAB to go to the quota increase in the above provision. This was in President Biden's most recent budget request.

- **Semi-Annual Report on Surcharge Elimination Progress** – This provision states that the Treasury Department must provide an annual report to the House Financial Services Committee and the Senate Foreign Relations Committee on which countries are paying surcharges and a determination on whether surcharges will harm the member countries' abilities to pay. This will sunset one year after the surcharge policy is eliminated by the IMF.

**Title IV: Capital Increases**

- **African Development Fund (AfDF) 16th Replenishment Authorization –** This provision would authorize the U.S. to contribute $591 million to the AfDF's replenishment fund and would authorize the appropriation $591 million to facilitate this contribution.

- **African Development Bank (AfDB) General Callable Capital Increase Authorization –** This provision would authorize the U.S. to subscribe to 800,000 shares in the AfDB and would authorize the appropriation of $7.8 million to facilitate this subscription.

- **European Bank for Reconstruction and Development (EBRD) General Capital Increase Authorization –** This provision would authorize the U.S. to subscribe to 40,000 additional shares in the EBRD and would authorize the appropriation of $439.1 million to facilitate this subscription.