

[DISCUSSION DRAFT]

117TH CONGRESS
2^D SESSION

H. R. _____

To increase transparency and mandate the use of poverty and distributional impact assessments on IMF loan programs to ensure that the burden of fiscal adjustment policies do not have a disproportionately negative impact on vulnerable populations.

IN THE HOUSE OF REPRESENTATIVES

M____ introduced the following bill; which was referred to the
Committee on _____

A BILL

To increase transparency and mandate the use of poverty and distributional impact assessments on IMF loan programs to ensure that the burden of fiscal adjustment policies do not have a disproportionately negative impact on vulnerable populations.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Enhancing Equity and
5 Transparency in IMF Lending”.

1 **SEC. 2. EQUITY AND TRANSPARENCY IN IMF LENDING.**

2 (a) FINDINGS.—The Congress finds the following:

3 (1) The compounding crises of the COVID–19
4 pandemic and the conflict in Ukraine have exacer-
5 bated significant challenges faced by many countries
6 that were already facing rising debt distress prior to
7 the pandemic, as well as a widening financing gap
8 to achieve their development goals.

9 (2) Fiscal consolidation measures promoted by
10 the International Monetary Fund (“IMF”), includ-
11 ing cuts to social spending and regressive tax meas-
12 ures, can exacerbate both economic and gender in-
13 equality, and undermine efforts to achieve an equi-
14 table and sustainable recovery.

15 (3) A report released in 2021 by the Inde-
16 pendent Evaluation Office (“IEO”) of the IMF has
17 called on the institution to strengthen its monitoring
18 and reporting of the social and distributional im-
19 pacts of its programs and policies to protect vulner-
20 able groups.

21 (b) POLICY.—It is the policy of the United States at
22 the International Monetary Fund that the institution
23 should—

24 (1) not encourage countries to adopt economic
25 policies that exacerbate inequality or poverty or that
26 have a disproportionately negative impact on vulner-

1 able populations including women, low-wage workers,
2 people living in poverty, refugees, migrants, and peo-
3 ple with disabilities, among others;

4 (2) ensure policy conditionality is used par-
5 simoniously and increase its support for capacity de-
6 velopment, including building technical expertise to
7 increase budget transparency and better protect vul-
8 nerable populations; and

9 (3) adopt robust accountability measures to en-
10 sure resources are spent responsibly, including in-
11 creasing transparency around loan conditions prior
12 to program approval and facilitating proper con-
13 sultation with citizens that meaningfully includes all
14 stakeholders, including trade unions and civil society
15 organizations, that hold their governments account-
16 able for pursuing appropriate economic and fiscal
17 strategies.

18 (c) INSTRUCTIONS.—The Secretary of the Treasury
19 shall instruct the United States Executive Director at the
20 IMF to—

21 (1) engage with the IMF to advance support for
22 the systematic use of robust poverty and distribu-
23 tional impact assessments that are conducted both
24 ex post and ex ante to evaluate the possible and ac-

1 tual impacts on wages, health, and social protection
2 programs, and vulnerable populations;

3 (2) oppose any financial assistance that could
4 exacerbate inequality or poverty based on the rel-
5 evant poverty and distributional impact assessment;

6 (3) oppose any conditionality-based financial as-
7 sistance unless the policy conditionality of such as-
8 sistance and an associated poverty and distributional
9 impact assessment has been disclosed publicly at
10 least two weeks prior to the date of a vote to ap-
11 prove the program at the Board of Directors; and

12 (4) use the voice and vote and influence of the
13 United States to seek the adoption of a policy re-
14 quiring public consultation on all conditionality-
15 based financial assistance.

16 (d) SUNSET.—This provisions of this Act shall have
17 no force or effect on or after the date that is 7 years after
18 the date of the enactment of this Act.