To provide support for international initiatives to provide debt relief to developing countries with unsustainable levels of debt, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES
FEBRUARY 1, 2022
Ms. OCASIO-CORTEZ introduced the following bill; which was referred to the Committee on Financial Services

A BILL
To provide support for international initiatives to provide debt relief to developing countries with unsustainable levels of debt, and for other purposes.

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

SECTION 1. SUPPORT FOR INTERNATIONAL INITIATIVES TO PROVIDE DEBT RELIEF TO DEVELOPING COUNTRIES WITH UNSUSTAINABLE LEVELS OF DEBT.

(a) DEBT RELIEF.—The Secretary of the Treasury, in consultation with the Secretary of State, shall—

(1) engage with international financial institu-
tions and official and commercial creditors to ad-
vance support for prompt and effective implementa-

tion and improvement of the Common Framework
for Debt Treatments beyond the Debt Service Sus-
pension Initiative (in this section referred to as the
“Common Framework”), and any successor frame-
work or similar coordinated international debt treat-
ment process through the establishment and publica-
tion of clear and accountable—

(A) debt treatment benchmarks designed
to achieve debt sustainability for each partici-
pating debtor;

(B) standards for equitable burden sharing
among all creditors with material claims on
each participating debtor, without regard for
their official, private, or hybrid status;

(C) robust debt disclosure, including but
not limited to inter-creditor data sharing and a
broad presumption in favor of public disclosure
of material terms and conditions of claims on
participating debtors;

(D) expanded eligibility criteria to include
all countries with unsustainable levels of sov-
ereign debt;

(E) standards for comprehensive creditor
participation consistent with robust application
of the policies of the International Monetary Funds relating to lending into arrears; and

(F) consistent enforcement and improvement of the policies of multilateral institutions relating to asset-based and revenue-based borrowing by participating debtors, and coordinated standards on restructuring collateralized debt;

(2) engage with international financial institutions and official and commercial creditors to advance support for a comprehensive and effective debt payment standstill for each participating debtor from the time of its application for, and until the completion of its negotiations under, the Common Framework, or any successor framework or similar coordinated international debt treatment process: provided, however, that any such standstill should incentivize prompt and comprehensive debt restructuring agreement and provide temporary cash flow relief for the debtor, without exacerbating its vulnerability to debt distress; and

(3) instruct the United States Executive Director at the International Monetary Fund and the United States Executive Director at the World Bank to use the voice and vote of the United States to ad-
vance the efforts described in paragraphs (1) and (2), including by urging international financial institutions to participate in debt relief, without undermining their ability to continue to provide new and additional flows of aid and assistance.

(b) REPORTING REQUIREMENT.—Not later than 120 days after the date of the enactment of this Act, and annually thereafter until the end of the COVID–19 pandemic, as determined by the World Health Organization, the Secretary of the Treasury, in coordination with the Secretary of State, shall submit to the Committees on Banking, Housing, and Urban Affairs and Foreign Relations of the Senate and the Committees on Financial Services and Foreign Affairs of the House of Representatives a report that describes—

(1) actions that have been taken, in coordination with international financial institutions, by official creditors, including the government of, and state-owned enterprises in, the People’s Republic of China, and relevant commercial creditor groups to advance debt relief for countries with unsustainable debt that have sought relief under the Common Framework, any successor framework or mechanism, or under any other coordinated international arrangement for sovereign debt restructuring;
(2) any implementation challenges that hinder the ability of the Common Framework to provide timely debt restructuring for any country with unsustainable debt that seeks debt relief or debt payment relief, including any refusal of any creditors to participate in equitable burden sharing, including but not limited to failure to share (or publish, as appropriate) all material information needed to assess debt sustainability and inter-creditor equity;

(3) recommendations on how to address challenges identified in paragraph (2);

(4) any United States policy concerns with respect to providing debt relief to specific countries; and

(5) the transparency and accountability measures established or proposed to ensure that resources freed up by the debt relief described in paragraph (1) are used for activities that respond to the health, economic, and social effects of the COVID–19 pandemic, climate change resiliency, or help ensure equitable recoveries and growth.