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U.S. Department of the Treasury
International Programs
Congressional Justification for Appropriations
FY 2020

# FY 2020 Executive Summary

The Treasury Department requests $1.55 billion for International Programs in FY 2020. In recognition of the Administration's prioritization on national defense and security as well as a streamlined Federal Government that makes the best possible use of taxpayer dollars, we will support the most critical investments in multilateral development institutions, while ensuring that U.S. contributions are set at an appropriate level relative to our partner countries. These investments by Treasury's International Programs strengthen U.S. national security, economic growth, and influence by advancing a more secure, economically prosperous, and democratic world. In recent years, Treasury has driven shareholder support for the implementation of key reforms at the multilateral development banks (MDBs) aimed at improving governance, development effectiveness, and financial discipline, and Treasury continues to pursue additional major reforms at several of the institutions. These include improved monitoring and evaluation, stronger independent compliance functions, adopting mechanisms to improve financial sustainability, and a larger allocation of lending to the world's poorest countries.

**Multilateral Development Banks**

Our request includes $1.52 billion for the MDBs. The MDBs play key roles in the effort to increase global economic growth and reduce poverty, which advances U.S. foreign policy objectives of sustaining peace and stability, promoting security, and combatting terrorism.

*International Development Association (IDA):* $1,097 million in support of IDA programs over the eighteenth replenishment (IDA-18; FY 2018 – FY 2020), including towards the third of three installments to IDA-18.

*International Bank for Reconstruction and Development (IBRD):* $206.5 million towards the first of up to six installments for the IBRD general and selective capital increases.

*International Finance Corporation (IFC):* No funding is requested in FY 2020. Treasury is requesting authorization to vote in favor of resolutions to allow other shareholders to contribute additional capital while preserving U.S. veto power over future capital increases.

*African Development Fund (AfDF):* $171.3 million in support of AfDF programs over the fourteenth replenishment (AfDF-14; FY 2018 – FY 2020), including towards the third of three installments to AfDF-14.

*Asian Development Fund (AsDF):* $47.4 million in support of AsDF programs over the eleventh replenishment (AsDF-12; FY 2018 – FY 2021), including towards the third of four installments to AsDF-12.

*North American Development Bank (NADB):* No funding is requested in FY 2020. Treasury is requesting authorization to subscribe to the paid-in capital shares for which funding was appropriated by the Consolidated Appropriations Act of 2016.

## Environmental Trust Funds

*Global Environment Facility (GEF):* While the GEF remains a priority for Treasury, no funding is requested in FY 2020, as the Consolidated Appropriations Act, 2019 provides more than double the amount requested for FY 2019, which keeps the Administration on track to meet its GEF-7 pledge by FY 2022. (GEF-7; FY 2019 – FY 2022).

## Technical Assistance

*Treasury Office of Technical Assistance (OTA):* $30 million to help ensure that OTA is able to respond quickly and in a sustained way to growing demand for technical assistance in areas that are priorities for the United States. Such areas include: supporting our national security agenda by combating terrorist financing and financial crimes, reducing countries' dependence on foreign financial aid through improved domestic resource mobilization, and creating the conditions for private sector-led economic growth. This consists of improving the climate for private sector investment in infrastructure projects in developing and transitional countries.

# Summary Tables
## Summary of Appropriations and Request
## Treasury International Programs
## FY 2018 – FY 2020
(in dollars)

| | FY 2018 Enacted | FY 2019 Enacted | FY 2020 Request | FY 2019 to FY 2020 | |
|---|---|---|---|---|---|
| | | | | $ Change | % Change |
| **Multilateral Development Banks (MDBs)** | **$1,348,123,000** | **$1,348,122,000** | **$1,522,205,000** | **$174,083,000** | **11.44%** |
| International Development Association (IDA) | $1,097,010,000 | $1,097,010,000 | $1,097,010,000 | $0 | **0.00%** |
| Int'l Bank for Reconstruction and Development (IBRD) | $0 | $0 | $206,500,000 | $206,500,000 | **100.00%** |
| African Development Fund (AfDF) | $171,300,000 | $171,300,000 | $171,300,000 | $0 | **0.00%** |
| African Development Bank (AfDB) | $32,418,000 | $32,417,000 | $0 | -$32,417,000 | **-100.00%** |
| Asian Development Fund (AsDF) | $47,395,000 | $47,395,000 | $47,395,000 | $0 | **0.00%** |
| **Food Security** | **$30,000,000** | **$30,000,000** | **$0** | **-$30,000,000** | **-100.00%** |
| Int'l Fund for Agricultural Development (IFAD) | $30,000,000 | $30,000,000 | $0 | -$30,000,000 | **-100.00%** |
| **Environmental Trust Funds** | **$139,575,000** | **$139,575,000** | **$0** | **-$139,575,000** | **-100.00%** |
| Global Environment Facility (GEF) | $139,575,000 | $139,575,000 | $0 | -$139,575,000 | **-100.00%** |
| **Treasury Office of Technical Assistance (OTA)** | **$30,000,000** | **$30,000,000** | **$30,000,000** | **$0** | **0.00%** |
| **TOTAL** | **$1,547,698,000** | **$1,547,697,000** | **$1,552,205,000** | **$4,508,000** | **0.29%** |

## Unmet Commitments to Multilateral Development Banks

(in thousands of US dollars)

| MDB | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|---|---|---|---|---|---|---|---|
| | Enacted | Enacted | Enacted | Enacted | Enacted | Enacted | Request |
| IDA Core | 434,475 | 437,275 | 530,747 | 624,219 | 488,949 | 488,949 | 488,949 |
| IDA MDRI | 245,700 | 423,855 | 610,006 | 630,649 | 809,469 | 993,659 | 1,223,149 |
| IBRD | 5,964 | 5,963 | 5,963 | | | | |
| MIGA | 6,867 | 6,867 | 6,867 | 6,867 | 6,867 | 6,867 | 6,867 |
| AfDF Core | 146,018 | 162,350 | 178,682 | 178,682 | 156,169 | 156,169 | 156,169 |
| AfDF MDRI | 54,000 | 65,120 | 86,257 | 108,613 | 114,738 | 137,049 | 160,575 |
| AfDB | 1,700 | 1,700 | | | | | |
| AsDF | 326,701 | 310,501 | 294,653 | 284,740 | 283,944 | 276,147 | 276,147 |
| AsDB | 5,609 | 5,608 | | | | | |
| IDB | 21,952 | 21,952 | 21,940 | | | | |
| MIF | 29,088 | 25,710 | 25,710 | 25,710 | 25,710 | 25,710 | 25,710 |
| IFAD | 5,763 | 5,763 | 3,833 | 3,833 | 3,833 | 3,833 | 3,833 |
| GEF | 247,894 | 211,964 | 180,264 | 170,264 | 134,966 | 134,966 | 134,966 |
| **TOTAL** | **1,531,730** | **1,684,628** | **1,944,921** | **2,033,576** | **2,024,644** | **2,223,348** | **2,476,364** |
| **TOTAL (ex MDRI)** | **1,232,030** | **1,195,653** | **1,248,658** | **1,294,314** | **1,100,437** | **1,092,641** | **1,092,641** |

# Multilateral Development Banks

# World Bank Group

The World Bank Group comprises the International Development Association (IDA), the International Bank for Reconstruction and Development (IBRD), the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA), and the International Centre for Settlement of Investment Disputes (ICSID). Treasury is seeking funding for its current commitments to IDA and a new request for the IBRD general and selective capital increases.

## International Development Association

| FY 2018 Enacted | FY 2019 Enacted | FY 2020 Request |
|---|---|---|
| 1,097,010,000 | 1,097,010,000 | 1,097,010,000 |

Treasury requests $1,097 million in support of IDA programs over the eighteenth replenishment (IDA-18; FY 2018 – FY 2020), including towards the third of three installments to IDA-18.

**Program Description**

IDA:

- Makes highly concessional loans and grants to the world's 75 poorest and most vulnerable countries.

- Is the largest source of development finance in the world's poorest countries, and operates across a range of sectors, including health, primary education, clean water and sanitation, governance, infrastructure, and business climate. During the World Bank's fiscal year 2018 (July 1, 2017, to June 30, 2018), IDA supported 207 projects totaling $24 billion.

- Requires replenishments of resources every three years to continue its activities. IDA's most recent replenishment (IDA-18) was finalized in December 2016 and will allow IDA to make new development commitments of up to $75 billion over three years, a $19 billion increase over the previous replenishment. IDA has begun leveraging future reflows (equity) by borrowing from markets for the first time. IDA is in the process of exploring legal modalities for issuing debt to U.S. investors.

- The United States pledged $3,291 million over three years towards the IDA-18 replenishment. The United States is the second largest donor for IDA-18, behind the United Kingdom. The United States remains the largest IDA donor historically and holds the largest voting share.

- Is cost-effective: every $1 contribution from the United States to IDA-18 helps leverage nearly $16 in new donor contributions and internally generated resources.

## How IDA Promotes U.S. Interests

The economic development of the world's poorest countries is one pillar of U.S. national security. IDA supports U.S. economic and national security interests by:

- Reinforcing U.S. and international political and security objectives through economic growth, job creation, and the provision of social services in fragile and conflict-affected countries like Afghanistan, Chad, and Mali.

- Advancing reforms that promote private investment, create jobs, and foster market-led economic growth in developing countries, thereby expanding markets for U.S. exports.

- Responding to and limiting the spread of global crises, for example, by providing support to countries affected by famine and health emergencies, such as Yemen.

## Meeting IDA Commitments

U.S. unmet commitments to IDA replenishments and the Multilateral Debt Relief Initiative (MDRI) currently amount to approximately $1.5 billion. Failing to meet commitments to IDA and MDRI reduces IDA's ability to provide loans and grants. Unmet commitments to IDA also damage U.S. credibility and undermine IDA's ability to deliver on policy goals sought by the United States during the IDA-18 replenishment negotiations, such as a sharper focus on fragile states and allowing additional space for the private sector to operate.

A growing component of the U.S. unmet commitments to IDA involves MDRI. Launched in 2006 at the urging of the United States, MDRI provides 100 percent cancellation of eligible debt to IDA for countries that complete the conditions for debt relief under the Heavily Indebted Poor Countries (HIPC) Initiative. MDRI has allowed scarce resources in low-income countries to be reallocated for poverty-reducing expenditures in areas such as health and education. To prevent a depletion of IDA resources from debt relief, donors committed to compensate IDA for the cancelled debt on a dollar-for-dollar basis. The United States is behind on its commitments. At a 20.1 percent burden share, the U.S. share of the cost of MDRI under IDA-18 is $592.5 million. In addition the United States carries $630.6 million in MDRI unmet commitments from prior replenishments. The United States intends to apply credit that it earns for accelerating its core replenishment payments to IDA towards U.S. MDRI commitments.

## Achieving and Measuring Results

From FY 2011 – FY 2018, IDA reports achieving the following:
- Provided 657 million people with essential health services;
- Immunized 274 million children;
- Provided access to better water services for 86 million people;

- Constructed, rehabilitated, or upgraded roughly 83,000 miles of roads; and
- Recruited or trained more than 8.5 million teachers.

In 2002, IDA adopted its Results Measurement System (RMS), an online scorecard that is updated annually and provides a snapshot of IDA's performance and results across countries. IDA was the first multilateral development institution to use a framework with quantitative indicators to monitor results and performance. This approach has since been emulated by other development institutions. As part of the IDA-18 replenishment, the United States and other donors supported enhancements to the IDA RMS to align it with the Sustainable Development Goals and ensure data quality, efficiency, and harmonization with the World Bank Corporate Scorecard. The United States pushed to better track results and to ensure strong monitoring and evaluation frameworks for projects throughout the project cycle.

The World Bank's Independent Evaluation Group (IEG) measures the results of a completed IDA project against the indicators that the project set out to achieve. The IEG assigns ratings to completed projects based on the achievement of the projects' intended outcomes and development objectives. IDA projects with outcome ratings of moderately satisfactory or above increased from 69 percent for FY 2010-2012 to 84 percent for FY 2015-2017 on a volume-weighted basis.

## Project Examples

**Ethiopia.** In 2012, IDA provided a $50 million concessional loan for the Women Entrepreneurship Development Project. The project is intended to increase the earnings and employment of micro and small enterprises owned or partly-owned by women. The women beneficiaries will have access to financial products tailored to help grow their businesses, as well as entrepreneurial and technical skills development programs. A survey of sample clients showed that the firms had increased their profits by 41 percent and employment of the firms by 55 percent from 2013 to 2016. As of November 2018, 26,840 clients have received finance and training, and the project is rated highly satisfactory. It is expected to close in December 2019.

**Papua New Guinea.** A $19.2 million IDA grant for the Reading Education Project approved in 2011 allowed the government of Papua New Guinea to improve the quality of elementary and primary school teachers, with a focus on improving reading skills among students. Project funds supported the professional development of 11,044 teachers, increased the availability of reading materials within 10,595 classrooms to all 22 provinces, and strengthened an early grade reading assessment. The project was rated moderately satisfactory upon closing.

## International Bank for Reconstruction and Development

| FY 2018 Enacted | FY 2019 Enacted | FY 2020 Request |
|---|---|---|
| - | - | $206,500,000 |

Treasury requests $206.5 million for the International Bank for Reconstruction and Development (IBRD). This amount includes the first of six installments for the IBRD general (GCI) and selective (SCI) capital increases.

### Program Description

The IBRD is the arm of the World Bank that provides financing to creditworthy middle-income countries to promote broad economic growth and reduce poverty. These countries—home to over 70 percent of the world's poor and 5 billion of the world's 7.7 billion people—utilize the combination of the IBRD's financial resources and strategic advice to meet many development needs.

The work of the IBRD is essential for the World Bank to achieve its Twin Goals by 2030: (1) to decrease extreme poverty to no more than 3 percent globally; and (2) to promote shared prosperity by fostering income growth among the poorest 40 percent. IBRD projects reach across a range of sectors, including governance, agriculture, sustainable infrastructure, health and nutrition, and education. The IBRD supports long-term human and social development needs that private creditors are less willing to finance. During the World Bank's 2018 fiscal year, the IBRD approved $23 billion in loans and technical assistance. The Middle East and North Africa (25.8 percent) received the largest portion of the IBRD's new lending, followed by South Asia (19.5 percent).

The IBRD raises resources similar to a conventional bank by issuing debt and on-lending to borrowers at market-linked rates. This model enables the IBRD to provide significantly more capital than if donor countries were to directly provide grant development assistance. In response to significant demand among developing countries and the global community to address pressing development challenges, in 2018 shareholders committed to provide additional capital to the IBRD.

The United States is the largest shareholder in the IBRD, with a 15.98 percent share of total voting power, followed by Japan and China. The United States is the only country with veto power over amendments to the IBRD Articles of Agreement.

## How IBRD Promotes U.S. Interests

The IBRD is the largest development bank in the world. As such, it is uniquely positioned to address development challenges in specific countries and key global concerns that impact U.S. national security and economic growth.

- The IBRD provides economic stability for strategically important countries, such as Jordan, Iraq, Ukraine, El Salvador, Guatemala, Colombia, and others, by providing a less expensive source of funds to their overall external financing.
- The IBRD is an important vehicle for U.S. foreign policy priorities in areas like women's economic empowerment, youth education and job training, and reducing violent extremism.
- The IBRD works with borrower countries to pursue pro-growth economic reforms that encourage private sector investment and job creation, as well as expand vital public services in health, education, and sanitation.
- By leveraging international bond markets and funds of other shareholders, the IBRD allows the United States to achieve development goals at a level beyond what it could do on a bilateral basis.
- IBRD investment promotes transparency and high standards for procurement, debt sustainability, and social and environmental safeguards.

## Meeting IBRD Commitments

Without providing funds for the U.S. portion of the GCI and SCI, the United States will risk losing IBRD shareholding, which determines voting power. This loss of shareholding could lead to a loss of U.S. leadership and influence at the World Bank, including a loss of the U.S. veto power over amendments to the Articles of Agreement.

Funding the IBRD capital increase will lock in a set of transformational reforms that the United States negotiated in concert with other shareholders and World Bank Management. These reforms closely align with U.S. national security, foreign policy, and economic priorities. The reforms will make the World Bank more financially-disciplined, focus its operations in countries that have less access to other sources of finance, and ensure it operates more efficiently.

As part of the IBRD reform package, the United States insisted the IBRD adopt a financial sustainability framework that will restrict annual lending commitments to those that can be sustained, in real terms, over a rolling ten-year horizon through organic capital accumulation alone. This framework will also include a capital buffer to allow the IBRD to respond to crises without jeopardizing its financial position. The framework increases the transparency and financial discipline of the IBRD and significantly lessens the likelihood of a future capital increase.

In order to direct more resources to countries where scarce development resources are needed most, the United States and other shareholders instituted a policy that requires the IBRD to increase its share of annual lending to countries below the IBRD's graduation income threshold to 70 percent (from the FY 2017 level of 60 percent). For FY 2019, the IBRD has already introduced differentiated loan prices, making it the first multilateral development bank to adopt differentiated prices for non-concessional sovereign lending. This practice will complement IBRD's commitment to implementing its graduation policy more robustly.

Finally, the reform and capital package introduced constraints on World Bank staff salaries, which are the largest driver of increases in the administrative budget. These reforms will increase the performance of the World Bank and help ensure a more efficient use of IBRD funds, important for a public institution with the purpose of eliminating global poverty.

## Achieving and Measuring Results

Over its FY 2015 to FY 2017, the World Bank, including the IBRD, achieved the following:

- Provided 47.8 million people with access to clean water;
- Provided 273.2 million people with health and nutrition services;
- Recruited or trained 11.6 million teachers;
- Helped 4.8 million farmers adopt improved agricultural technology;
- Catalyzed $30.2 billion in private investment; and
- Strengthened public procurement systems in 21 countries.

## Project Examples

**Jordan.** In 2017, the Jordan Education Reform Support Program was financed through a $147 million non-concessional IBRD loan and $52 million in concessional support from the Global Concessional Financing Facility (GCFF). The government of Jordan will provide $500 million in co-financing. Through a series of policy reforms and investments, the project is expected to increase the number of Jordanian and Syrian refugee children in pre-school, increase access to primary and secondary school for Syrian refugee children, and improve the national teacher training and assessment program. The GCFF is a multi-donor partnership that provides financing for developing countries hosting large amounts of refugees. The United States is a founding member and contributor to the GCFF.

**Guatemala.** A $45 million IBRD loan for the Urban Infrastructure and Violence Prevention Project, approved in 2016, will help the government of Guatemala to reduce risk factors of crime and improve access to basic urban services and local infrastructure. Students, teachers, and parents will take part in violence prevention initiatives, and qualifying youth will have access to job preparation training. Basic infrastructure upgrades, such as installation of public lighting, construction of safe roads and pedestrian walkways, and the rehabilitation of public spaces, aim to decrease the prevalence of crime.

## International Finance Corporation

| FY 2018 Enacted | FY 2019 Enacted | FY 2020 Request |
|---|---|---|
| - | - | - |

Treasury is not requesting funding for the International Finance Corporation (IFC). However, Treasury is requesting authorization to vote in favor of four resolutions to allow other shareholders to contribute additional capital while preserving U.S. veto power over future capital increases. The resolutions will: (1) convert a portion of the IFC's retained earnings to paid-in capital stock, which will result in the United States increasing its shareholding without any cash contribution; (2) authorize a general capital increase; (3) authorize a selective capital increase; and (4) amend the IFC Articles of Agreement to lower the veto threshold for future capital increases of the IFC from 20 percent of the voting power to 15 percent, hence preserving the United States' veto. The United States will not provide any cash contributions to the IFC, which will lower U.S. voting power in the IFC from 20.99 percent to 16.39 percent, which is more closely aligned with U.S. voting power in the IBRD.

### Program Description

The IFC promotes private sector development in developing countries by making loans and equity investments in private sector projects, mobilizing private capital alongside its own resources, and providing advisory and technical assistance services. In FY 2018, the IFC approved $11.6 billion from its own resources, and mobilized an additional $11.6 billion from other sources, for 366 projects in 74 countries. Of the IFC's own resources and mobilized private finance, more than $6.8 billion was for the poorest countries (those eligible for funding from IDA). IFC investments in 2018 were spread across the globe, with the largest recipient regions being Latin America and the Caribbean (21.5 percent), Europe and Central Asia (19.4 percent), and South Asia (17.8 percent). The top sectors for IFC investment in 2018 were financial markets (47.3 percent), infrastructure (17.8 percent), and agribusiness and forestry (8.2 percent). The IFC also spent $273 million for advisory services in 2018, with Sub-Saharan Africa receiving $86 million (32 percent).

# Asian Development Bank

The Asian Development Bank comprises the Asian Development Fund (AsDF) and the Ordinary Capital Resources of the Asian Development Bank (AsDB). As there are no outstanding U.S. capital commitments, Treasury is seeking funding only for AsDF.

## Asian Development Fund

| FY 2018 Enacted | FY 2019 Enacted | FY 2020 Request |
|---|---|---|
| 47,395,000 | 47,395,000 | 47,395,000 |

Treasury requests $47.4 million in support of AsDF programs over the eleventh replenishment (AsDF-12; FY 2018 – FY 2021), including towards the third of four installments to AsDF-12.

### Program Description

The AsDF is a grants-only fund that supports Asia's poorest countries. There are 18 countries eligible for AsDF grants. AsDF grants help reduce poverty, support economic growth, mitigate and respond to disaster risks, and provide support for fragile and conflict-affected states.

- In 2018, total AsDF approvals were about $1 billion, of which over 60 percent supported infrastructure projects in the energy, water, and transportation sectors.
- During 2017–2020, AsDF will provide up to $200 million in grants for disaster risk reduction and up to $218 million to facilitate faster disaster response and reduce humanitarian expenditures by AsDF countries and donors in the wake of natural disasters in the region.
- The merger on January 1, 2017 of the AsDF concessional lending resources and AsDB's Ordinary Capital Resources reduced the level of donor contributions needed for the AsDF-12 replenishment by 47 percent while increasing the level of grants and concessional loans available to Asia's poorest countries.
- The United States pledged $189.6 million over four years, a 47 percent decrease from the previous replenishment. This decrease allows for $170 million in savings while allowing the United States to remain the third-largest donor, after Japan and Australia. Every $1 contribution from the United States to AsDF-12 leverages almost $20 in new donor contributions and internally generated resources.

## How AsDF Promotes U.S. Interests

AsDF assistance helps achieve U.S. national security and foreign policy objectives in Asia and the Pacific.

- **Assistance for Rohingya Refugees:** The AsDF is providing $100 million in grants as the first phase of a proposed $200 million package to Bangladesh to support basic infrastructure and services for displaced Rohingya. AsDF grants will help fund projects in the water supply and sanitation, disaster risk management, energy, and roads sectors.

- **Providing a Superior Source of Development Financing for Small States:** In November 2018, the AsDB Board approved a proposed increase in the base allocation of AsDF-eligible countries for 2019 and 2020. The base allocation for AsDF countries will rise from $6 million to $13 million over the remainder of the AsDF-12 implementation period. Given development needs and capacity constraints, small states, including Pacific Island states, are especially vulnerable to unfavorable and non-transparent lending which do not contribute meaningfully to development. An increased base allocation benefits the smallest, poorest countries the most by expanding the pool of available grant financing.

- **Financing Afghanistan's Development**: The AsDF has played an important role helping Afghanistan to develop and rehabilitate its infrastructure, improve trade linkages with neighboring countries, and provide basic services through special allocations for the country.

## Meeting AsDF Commitments

The United States has approximately $276 million in unmet commitments to the AsDF, which adversely affect the AsDF and U.S. leadership in the institution. Without fully funding its commitments, the United States risks impairing the ability to shape the direction of AsDF policies and activities, as well its ability to ensure that sufficient concessional finance is available to strategically important countries like Afghanistan. AsDF rules, moreover, allow other donors to withhold their pledged contributions proportionally based on U.S. unmet commitments.

## Achieving and Measuring Results

In 2016, AsDF reports achieving the following:

- Connected 100,000 new households to electricity;
- Built or upgraded over 1,100 miles of road;
- Connected 278,000 households with new and improved water supplies;
- Supported 930,000 students with new or improved educational facilities;
- Trained 278,000 teachers to improve teaching quality and meet competency standards; and
- Provided microfinance accounts to more than 2 million people, of which over three-quarters were women.

The AsDB reports on results through its annual Development Effectiveness Review (DEfR) and Performance Scorecard, which compiles project-level outputs. In particular, the DEfR measures whether projects are effective, completed on time and according to benchmarks, and sustainable after the conclusion of AsDB or AsDF involvement. These standards are used to compile lessons learned and improve future projects.

Results in recent years have shown continued progress on the AsDF's development effectiveness. During 2015-2017, 75 percent of completed AsDF projects that were validated by the AsDB's Independent Evaluation Department (IED) were rated successful, up from 64 percent in 2011-2013. Technical assistance projects were among the most successful, with a success rate of 85 percent. From 2015-2017, the IED also rated 61 percent of AsDF projects as likely sustainable. The metric allows AsDF staff to measure factors, including policy, regulatory environments and administrative capacity, which impact the ultimate success of projects after AsDF involvement ends.

## Project Examples

**Bhutan.** AsDF's $16.1 million grant supplemented a concessional loan and technical assistance to strengthen the Government of Bhutan's capacity in public financial management. Key reform areas included debt management, domestic revenue mobilization, and financial sector stability. The program, completed in 2017, helped contribute to deepening Bhutan's external buffers, turning a fiscal deficit into a surplus, and reducing the non-performing loan ratio of banks. Following completion of the program, the Government of Bhutan has demonstrated a strong commitment to continued macroeconomic reforms.

**Kiribati.** The AsDF provided a $3 million grant to support the implementation of a multi-year fiscal reform program. The program focused on improving (1) the quality of expenditure, including eliminating subsidies for state-owned enterprises from the national budget; (2) revenue administration, including broadening the tax base through value added tax reforms and reviewing fishing license agreements; (3) management of public assets and liabilities through strengthening debt management; and (4) structural reform implementation. The government was able to replenish its reserve fund and maintain a healthy fiscal surplus, with overall revenue especially benefiting from fishing license revenues.

# African Development Bank Group

The African Development Bank Group comprises the African Development Bank (AfDB) and the African Development Fund (AfDF). As there are no outstanding U.S. capital commitments to the AfDB, Treasury is seeking funding only for the AfDF.

**African Development Fund**

| FY 2018 Enacted | FY 2019 Enacted | FY 2020 Request |
|---|---|---|
| 171,300,000 | 171,300,000 | 171,300,000 |

Treasury requests $171.3 million in support of AfDF programs over the fourteenth replenishment (AfDF-14; FY 2018 – FY 2020), including towards the third of three installments to AfDF-14.

## Program Description

- The AfDF provides grants and highly concessional loans to the 38 poorest countries in Africa, of which half are fragile and conflict-affected states. The AfDF approved approximately $1.8 billion in financing in 2018. Approximately 63 percent of 2018 approvals were to infrastructure projects (mainly energy, transportation, and water supply and sanitation), with other key sectors being agriculture, finance, and social sectors.

- The AfDF is financed by donor countries, including the United States, and requires new donor resources every three years. In November 2016, the United States joined other donors to conclude negotiations on the AfDF-14 replenishment, which totaled $5.9 billion. The United States pledged $513.9 million over three years, which represents $71.1 million in savings relative to the previous replenishment. With this reduction, the United States is the third largest donor to AfDF-14 (behind the United Kingdom and Germany). The United States is historically one of the largest donors to the AfDF and currently has a 5.3 percent voting share at the AfDF (just behind Japan and Germany). Every $1 in U.S. contributions to AfDF-14 leverages more than $11 in contributions from other donors and internally generated resources.

## How AfDF Promotes U.S. Interests

- **Supports National Security:** Nineteen of the AfDF's 38 recipient countries are fragile and conflict-affected states, including countries such as Mali, Chad, and Niger that are on the front-lines of the fight against terrorism in Sub-Saharan Africa. Over 2017-2019, approximately half of the AfDF's financing will be used to combat instability in fragile and conflict affected states, including through projects to strengthen governance and anti-corruption.

- **Reduces Humanitarian and Health Crises:** AfDF financing addresses the root causes of migration flows and humanitarian crises in Africa's poorest countries. The AfDF helps reduce fragility, builds infrastructure, strengthens food security, and supports private-sector led growth and economic diversification, thereby creating jobs for Africa's growing youth population.

- **Supports the Administration's Africa Strategy:** The AfDF's work to enhance economic growth and improve stability and governance helps support the Administration's objectives of increasing trade and investment with African partners.

## Meeting AfDF Commitments

U.S. unmet commitments to the AfDF replenishments and the Multilateral Debt Relief Initiative (MDRI) currently amount to approximately $293 million. These unmet commitments decrease the financial capacity of the AfDF, thereby reducing the funding available to address instability in fragile states, the root causes of migration and humanitarian crises, and health emergencies. They also undermine U.S. credibility and leadership at a time when the AfDB Group is undertaking many critical reforms on which the United States is a leading voice.

## Achieving and Measuring Results

In 2017, the AfDB reported that programs in AfDF countries:

- Built 1,706 miles of power distribution lines;
- Provided 13 million people with improved access to transport;
- Created 1.4 million jobs;
- Provided 7.5 million people with new or improved access to water and sanitation; and
- Supported improvements in agricultural productivity benefiting 7.8 million people.

AfDF-14 includes a set of 41 commitments for the AfDF to achieve over 2017-2019. These commitments cover the AfDF's development work as well as its institutional efficiency and effectiveness. Each commitment includes at least one measurable indicator; for example, under the job creation commitment, the AfDF's interventions aim to support jobs for 3.6 million youths and provide job training for 2.2 million people by 2019.

## Project Examples

**Ghana.** Completed in 2016, the Accra Sewerage Improvement Project increased access to sanitation services in the city by 13 percent. Under the project, the government improved and extended the city's sewerage and sanitation system in an environmentally and socially sustainable manner. Thanks to AfDB financing, Ghana constructed two waste treatment plants, 8 pumping stations, 26 km of force mains, 6.8 km of gravity mains, and 1.25 km of marine outfall sewers. The government also rehabilitated and/or extended 63 km of sewers and connected 7,000 unserved city residents to Accra's sanitation system.

**Cameroon**. Completed in 2017, the Cameroon Rural Drinking Water Supply and Sanitation in Four Regions Project achieved substantial positive results – achieving higher rates of household access to safe water and sanitation sources than initially programmed. Under the project, the government established nearly 100 simplified drinking water supply systems, 326 shared latrines for schools and health centers, and two gender-specific toilet complexes. The government also more than doubled the number of people sensitized on water and sanitation hygiene than initially programmed. The project also created nearly 1,200 jobs.

# North American Development Bank

| FY 2018 Enacted | FY 2019 Enacted | FY 2020 Request |
|---|---|---|
| - | - | - |

Treasury is requesting authorization to subscribe to the paid-in capital shares for which funding was appropriated in FY 2016 for the North American Development Bank (NADB). Subscribing to these shares will allow the United States to reestablish shareholding parity with Mexico with respect to the paid-in capital shares in the NADB. Treasury is not requesting new funding for NADB in FY 2020.

## Program Description

NADB, founded in 1994 by the United States and Mexico, provides financing for environmental infrastructure projects within the areas up to 100 kilometers (62 miles) north and 300 kilometers (186 miles) south of the U.S.-Mexico border. These projects, implemented on both sides of the border, improve the quality of life for residents of the border region, strengthen municipal services, and create new jobs and business opportunities. Key areas of focus include wastewater collection and treatment, air quality improvements, solid waste management, and renewable energy. Prior to being eligible for NADB financing, all projects must be certified for their environmental benefits. NADB is well-respected among states and communities along the border, where it has had a tangible impact on the environment and the lives of the region's residents.

Under NADB's charter, the United States and Mexico agreed to contribute equally to NADB's authorized capital stock, and each country has a 50 percent voting share. In 2016, Mexico subscribed to $10,000,000 in new paid-in capital and $56,666,700 in new callable capital.

# Environmental Trust Funds

## Global Environment Facility

| FY 2018 Enacted | FY 2019 Enacted | FY 2020 Request |
|---|---|---|
| 139,575,000 | 139,575,000 | - |

No funding is requested in FY 2020, as the Consolidated Appropriations Act, 2019 provides more than double the amount requested for FY 2019. In an effort to smooth payments in support of the seventh replenishment, the Administration will not request funding in FY 2020 but still supports the U.S. pledge of $273.2 million to GEF-7. This pledge level will support important international environmental, toxic chemical, and biodiversity conservation activities through the GEF, while pursuing a more balanced share among donor countries as we seek to advance shared priorities.

### Program Description

The GEF is a multilateral trust fund that provides grants for environmental projects in developing countries and emerging markets. Currently, the GEF funds projects in 165 countries in areas such as wildlife trafficking, chemical pollution, and conservation of oceans and land.

### How GEF Promotes U.S. Interests

The GEF benefits the U.S. economy and environment by addressing many external environmental problems that affect our domestic health, safety, and prosperity. For example, GEF projects:

- Reduce pollution and prevent toxic chemicals such as mercury from making their way into the air, water, and U.S. food supply;
- Support America's logging industry by curbing international illegal logging through sustainable forest management projects, thereby leveling the playing field for lumber and other related products;
- Fight wildlife trafficking and strengthen protected area enforcement, eliminating a source of funding for criminal groups in Africa and the Middle East with the aim of reducing conflicts and promoting national security interests; and
- Conserve fish stocks outside U.S. waters and promote sustainable fishing practices in the Pacific and Atlantic oceans, as well as the Gulf of Mexico, which are critically important to the U.S. food supply chain and a significant revenue source for U.S. fishing companies.

In many countries, GEF investments pave the way for greater business opportunities for U.S. companies by helping to establish new markets and improving the investment climate related to environmental conservation and protection.

## Meeting GEF Commitments

After the United States makes a payment toward the first and second GEF-7 installments, the United States will maintain its influence. This commitment will allow the United States to promote difficult policy changes at the GEF, such as lowering allocations for climate change projects and increasing co-financing expectations for middle-income recipient countries. U.S. unmet commitments to the GEF currently stand at approximately $135 million.

## Achieving and Measuring Results

Between the start of GEF-6 and May 2018, the fund has approved a total of 420 projects, which are expected to achieve the following results:

- Protection and sustainable use planning of 463 million hectares of landscapes and seascapes to promote animal and plant biodiversity conservation;
- Co-financing at a rate of $7 for each GEF-6 dollar invested;
- Safe disposal of 76,251 metric tons of toxic and hazardous pesticides and reduction of more than 638 metric tons of mercury emissions, thereby promoting healthy communities, water quality, and food systems; and
- Stabilization of 13 percent of globally over-exploited fisheries and promotion of more sustainable levels of fishing to ensure such resources are available for future generations.

Every four years, the GEF's Independent Evaluation Office produces a comprehensive evaluation of past project and operational performance. These evaluations influence the programming objectives for the next replenishment period.

## Project Examples

**Kenya Marine Conservation for Ecotourism Development** ($36,833 grant, $25,203 in co-financing). This investment sought to train local communities in coral restoration and monitoring as a way to restore fisheries and enhance ecotourism in the area. Funding supported training for local monitors to monitor the coral and community engagement and coordination.

**Ethiopia Project to Promote Environmentally Sound Management of Electronic Waste** ($1 million grant, $2 million in co-financing from the Ethiopian Government, U.S. Environmental Protection Agency, Nokia, and Dell). This project provided training for local technicians to be able to dispose of electronic waste in a safe and efficient manner. The project also provided policy and regulatory reform support, which resulted in new e-waste legislation. The GEF worked with local authorities to create an e-waste management strategy. External evaluators deemed the project to be expertly designed and the Government of Ethiopia and the GEF to be very forward-thinking in identifying this need and determining appropriate solutions.

# Technical Assistance

## Office of Technical Assistance

| FY 2018 Enacted | FY 2019 Enacted | FY 2020 Request |
|---|---|---|
| 30,000,000 | 30,000,000 | 30,000,000 |

Treasury is seeking $30 million for its Office of Technical Assistance (OTA).

**Program Description**

OTA works with finance ministries, central banks, and related government institutions to support efficient revenue collection, well-planned and executed budgets, judicious debt management, sound banking systems, and strong controls to combat money laundering and other economic crimes. OTA complements the work of Treasury's offices of International Affairs and Terrorism and Financial Intelligence by helping the governments of developing and transitional countries build the human and institutional capacity to implement improvements in economic and terrorist financing policies. OTA also supports partner countries' efforts to more effectively raise their own domestic resources, reducing dependence on foreign assistance. OTA's work is critical for meeting U.S. foreign policy goals, such as private sector-led economic growth, reduced corruption, and increased accountability and transparency. OTA is a small, cost-effective program that leverages a cadre of highly experienced technical advisors who work side-by-side with host country counterparts. Currently, OTA has projects in approximately 50 countries in Latin America, Africa, Europe, Asia, and the Middle East.

Demand for OTA assistance around the world is strong and continues to increase. OTA would use the requested budget resources in FY 2020 to be able to respond quickly and in a sustained way to this growing demand in areas that are priorities for the United States, including combating terrorist financing and financial crimes, reducing countries' dependence on foreign financial aid through improved domestic resource mobilization, and creating the conditions for private sector-led economic growth, including by improving the climate for private sector investment in infrastructure projects in developing and transitional countries.

**How OTA Promotes U.S. National Security**

OTA performs an important role in support of U.S. national security by helping developing and transitional countries combat financial crimes, money laundering, and terrorist financing. In addition, OTA's role stabilizes banking systems, develops capital markets, improves the investment climate, including for infrastructure, and improves transparency and accountability in government finances, helping to spur private-sector led economic growth which, in turn, supports the development of foreign markets for U.S. exports.

## Achieving and Measuring Results

OTA has a robust system for monitoring and evaluating program performance, from project initiation through execution, to post-project evaluation. For each project, OTA and the relevant foreign ministry or central bank identify the high-level aims of the engagement, which are reflected in signed terms of reference. The terms of reference are complemented by a detailed work plan specifying the activities, deliverables, and timelines for achieving those goals, as well as the outcomes that will provide evidence that the goals have been met. In addition, OTA advisors provide monthly reports and trip reports to Treasury leadership and other stakeholders on the execution of the work plan, including progress against project objectives.

These reports are validated through ongoing dialogue with advisors coupled with on-site project reviews conducted by OTA management. In addition, post-project reports evaluate the results of completed technical assistance, and are used as a basis to improve the planning and execution of future projects.

OTA closely monitors the level of "traction," or the degree to which changes in partner governments' behavior occur as a result of OTA assistance (e.g., the number of foreign officials who are taking an active role in pursuing change, or interim deliverables that are on time or ahead of schedule). Levels of traction are measured by OTA advisors and headquarters staff according to specific indicators that are relevant to each of the five OTA core areas. OTA also uses a customer survey instrument to collect information directly from country counterparts who have first-hand knowledge of OTA engagements.

OTA is in the process of enhancing its evaluation regime in accordance with the Foreign Aid Transparency and Accountability Act of 2016 (FATAA). The proposed enhancements would include an independent (third-party) evaluation of projects after the completion of the second year of technical assistance activities and 6-12 months after project activities cease. The evaluations will provide objective insights into projects that would allow for course-corrections and inform both ongoing and planned engagements. For example, an evaluation of a project in the budget area may measure the extent to which the project helped to enhance transparency, accountability, and control over financial resources through the implementation of a new budget classification system. Results of evaluations will be made available to the public.

OTA monitoring and evaluation have consequences: projects showing results receive continued investment of OTA resources, while poorly performing projects, such as those where OTA's counterparts lack political will to implement reform, are terminated and the resources reallocated to other projects.

## Recent Examples of Successful Projects

**Argentina Improves Anti-Money Laundering / Countering the Financing of Terrorism Analysis.** Argentina's Financial Intelligence Unit (FIU) incorporated OTA recommendations, as well as technical guidance from U.S. supervisory counterparts facilitated by OTA, into the issuance of new, comprehensive anti-money laundering / countering the financing of terrorism (AML/CFT) regulations for the Argentine financial sector. Under the strengthened regulations, banks, exchange houses, and money remitters will be obligated to conduct risk assessments, to rate clients on the basis of risk, and to implement controls to minimize these risks. Analysts at the unit have also successfully applied OTA guidance in developing stronger analytic products, such as incorporating open source databases to gather intelligence on corporate entities and real estate holdings in the United States. FIU attorneys also utilized OTA training on the use of a U.S. federal court database to locate information beneficial to Argentine prosecutions.

**Zambia Improves Collection of Arrears.** The Zambia Revenue Authority reorganized its debt management system and instituted new procedures that resulted in significant revenue gains. OTA advised the Zambia Revenue Authority on optimal staffing levels and managerial controls and helped to document key procedures, including quality standards. As a result of these administrative reforms, 2,258 arrears cases were closed in 2017 compared to 73 the prior year, with revenue from enforcement actions rising to $410 million from $97 million the previous year, a more than 300 percent increase.

# Annex 1: MDB Basics

## What are the MDBs?

The United States is a member of several development institutions, including the:

- World Bank
- Asian Development Bank
- Inter-American Development Bank
- African Development Bank
- European Bank for Reconstruction and Development
- International Fund for Agricultural Development

The development banks are international financial institutions, but they differ from commercial banks in their mandate and structure. They are owned by both borrowing and non-borrowing countries and provide financial and technical assistance to developing countries. The United States is the largest shareholder in the World Bank, Inter-American Development Bank, European Bank for Reconstruction and Development and the International Fund for Agricultural Development; the co-largest shareholder (with Japan) in the Asian Development Bank; and the largest non-regional and second-largest overall shareholder in the African Development Bank.

## What is Treasury's role?

In the U.S. Government, Treasury is charged with leading U.S. engagement in the MDBs. For the five largest MDBs in which the United States participates, a U.S. Executive Director (USED), who is based at each bank, is appointed by the President and confirmed by the Senate to represent U.S. interests, engaging daily in meetings at various levels and casting votes throughout the year. Treasury works closely with the USEDs and a wide-ranging interagency group on MDB issues. Additionally, Treasury provides direction for how to vote on projects and policies to the USEDs. The Secretary of the Treasury traditionally serves as the U.S. Governor to each MDB, and votes on high-level institutional matters that involve major changes to the structure or financing of the organization.

## How do the MDBs finance development projects?

Most of the MDBs have two financing facilities, which are frequently referred to as "windows," from which they make loans, provide guarantees and other financial instruments, and provide grants: the "non-concessional" window (also referred to as "hard loan windows") and the "concessional" window (also referred to as "soft loan windows"). Some institutions have a third window for private sector operations, whereas others make private sector investments from their "non-concessional" windows. Each institution can also serve as trustee for specialized funds established at the request of member countries.

- The non-concessional windows primarily provide loans at market-linked interest rates to middle-income countries, such as Colombia, Egypt, Indonesia, and Botswana.

- The concessional windows provide some combination of grants, very low interest loans with long tenors, and a limited supply of market-linked loans to countries with per capita incomes below a certain threshold and that lack the creditworthiness to access other financing sources, including the non-concessional windows. The concessional windows for each MDB are:
    - International Development Association (World Bank Group)
    - Asian Development Fund (Asian Development Bank)
    - African Development Fund (African Development Bank Group)

The United States is also a contributor to the International Fund for Agricultural Development, which functions like an MDB concessional window. Because the European Bank for Reconstruction and Development and North American Development Bank are private sector-oriented, they do not have a concessional window, while the Inter-American Development Bank provides both non-concessional and concessional funding from one window. The Asian Development Bank provides both non-concessional and concessional loans from its Ordinary Capital Resources; the Asian Development Fund provides only grants.

## How are the MDBs funded?

Countries are referred to as "shareholders" in an MDB and hold a certain percentage of shares, and therefore voting power, based on their contributions.

At times, shareholders provide new funding to support the non-concessional or concessional windows. This funding can take three forms:

- Donor replenishments
- General capital increases
- Selective capital increases

### *Donor Replenishments*

Because the concessional windows provide most of their funding to the poorest countries as grants or very low-cost, long-term loans, these windows deplete their funding over time and require periodic "replenishment" by donor countries every three to four years. When fully funded, U.S. funding commitments are paid out in equal installments over the replenishment period.

### *General Capital Increases*

Under a general capital increase (GCI), MDB shareholder governments decide to provide additional capital to support the MDBs' non-concessional or private sector windows by purchasing new shares in the institution. Unlike concessional windows, the non-concessional and private sector windows are expected to be more financially self-sustaining, requiring additional member state contributions less frequently, provided they follow prudent capital management policies. However, global and regional economic conditions or shareholders' desire to see an MDB provide higher levels of finance in support of particular aspects of a region's development agenda may lead to member countries negotiating to provide new capital to the MDB through a GCI. In these cases, member countries negotiate the total amount of additional capital required and the amount to be provided by each member.

The financing arrangements for GCIs are unique. Unlike replenishments, only a small portion of the total commitment is paid directly to an MDB. This portion is called "paid-in" capital, and typically ranges from 5-10 percent of the total increase. The pay-in period often ranges significantly (e.g., from three to eight years).

The remainder of the commitment is made in the form of "callable capital." Callable capital represents a financial commitment made by shareholders, but there is no actual transfer of funds. These commitments are meaningful because they enable the MDBs to strengthen their credit ratings and reduce borrowing costs, and, in turn, lend to borrowers at rates lower than what they could obtain in the markets. This capital is "callable" under limited and specifically enumerated circumstances to meet the obligations of the respective MDBs. No MDB has made a call on callable capital to date.

If a shareholder fails to purchase the shares that it decided to buy in the capital increase negotiations, the relative shareholding and voting power of that country will be diluted. Under the rules in place for most GCIs, voting shares are adjusted to reflect contributions as they come in from shareholders, such that delayed contributions will have an impact on the current voting share. Any shares allocated to a country that are not paid for within the allotted subscription period are moved to the MDB's unallocated capital, potentially making these shares available for other shareholders to acquire. Several countries seeking to expand their influence in the MDBs have expressed an interest in purchasing shares when they become available in this manner.

### *Selective Capital Increases*

A selective capital increase (SCI) is not intended primarily as a fundraising vehicle, but is used to allocate new shares to effect changes in the relative voting power of members of an MDB or accommodate accession by new members. Unlike a GCI, where shares are allocated to members in proportion to their existing shareholding, countries subscribe to different levels of shares under an SCI to achieve the desired realignment in voting power. Countries may have to purchase shares under an SCI in order to maintain their voting power or limit dilution, but the total capital increase under an SCI is typically much smaller than under a GCI.

# Annex 2: FY 2020 Appropriations Language and Authorization Request

Below is a summary of proposed appropriations language and authorization request.

## FY 2020 Appropriations Language

**CONTRIBUTION TO THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT**
*For payment to the International Bank for Reconstruction and Development by the Secretary of the Treasury for the United States share of the paid-in portion of the increases in capital stock, $206,500,000, to remain available until expended.*

**LIMITATION ON CALLABLE CAPITAL SUBSCRIPTIONS**
*The United States Governor of the International Bank for Reconstruction and Development may subscribe without fiscal year limitation to the callable capital portion of the United States share of increases in capital stock in an amount not to exceed $1,421,275,728.70.*

**CONTRIBUTION TO THE INTERNATIONAL DEVELOPMENT ASSOCIATION**
*For payment to the International Development Association by the Secretary of the Treasury, $1,097,010,000, to remain available until expended.*

**CONTRIBUTION TO THE ASIAN DEVELOPMENT FUND**
*For payment to the Asian Development Bank's Asian Development Fund by the Secretary of the Treasury, $47,395,000, to remain available until expended.*

**CONTRIBUTION TO THE AFRICAN DEVELOPMENT FUND**
*For payment to the African Development Fund by the Secretary of the Treasury, $171,300,000, to remain available until expended.*

**INTERNATIONAL AFFAIRS TECHNICAL ASSISTANCE**
*For necessary expenses to carry out the provisions of section 129 of the Foreign Assistance Act of 1961, $30,000,000, to remain available until September 30, 2022 which shall be available notwithstanding any other provision of law.*

# FY 2020 Authorization Requests

## North American Development Bank General Capital Increase

*SEC. 7064. Part 2 of subtitle D of title V of Public Law 103–182, as amended (22 U.S.C. 290m et seq.), is further amended by adding at the end thereof the following new section:*
*"Sec. 547. Capital Increase.*
*(a) Subscription Authorized.—*
*(1) The Secretary of the Treasury may subscribe on behalf of the United States to 1,000 additional shares of the capital stock of the Bank.*
*(2) Any subscription by the United States to the capital stock of the Bank shall be effective only to such extent and in such amounts as are provided in advance in appropriations Acts.*
*(b) Limitations on Authorization of Appropriations.—*
*(1) In order to pay for the increase in the United States subscription to the Bank under subsection (a), there are authorized to be appropriated, without fiscal year limitation, $10,000,000 for payment by the Secretary of the Treasury.*
*(2) The amount authorized to be appropriated under paragraph (1) shall be for paid-in shares of the Bank.".*

## International Finance Corporation

*SEC.7072. The International Finance Corporation Act, Public Law 84-350, as amended (22 U.S.C. 282 et seq.), is further amended by adding at the end thereof the following new section:*
*"Sec. 18. Capital Increases and Amendment to the Articles of Agreement.*
*(a) Votes Authorized.—The United States Governor of the Corporation is authorized to vote in favor of—*
*(A) a resolution to increase the authorized capital stock of the Corporation by 16,999,998 shares, to implement the conversion of a portion of the retained earnings of the Corporation into paid-in capital, which will result in the United States being issued an additional 3,771,899 shares of capital stock, without any cash contribution;*
*(B) a resolution to increase the authorized capital stock of the Corporation on a general basis by 4,579,995 shares; and*
*(C) a resolution to increase the authorized capital stock of the Corporation on a selective basis by 919,998 shares.*
*(b) Amendment of the Articles of Agreement.—The United States Governor of the Corporation is authorized to agree to and accept an amendment to Article II, Section 2(c)(ii) of the Articles of Agreement of the Corporation that would increase the vote by which the Board of Governors of the Corporation may increase the capital stock of the Corporation from a four-fifths majority to an eighty-five percent majority.".*

## International Bank for Reconstruction And Development

*SEC.7073. The Bretton Woods Agreements Act, as amended (22 U.S.C. 286 et seq.), is further amended by adding at the end thereof the following new section:*
*"Sec. 73. Capital Stock Increases.*

*(a) Increases Authorized.—The United States Governor of the Bank is authorized—*

*(1)(A) to vote in favor of a resolution to increase the capital stock of the Bank on a selective basis by 245,773 shares; and*

*(B) to subscribe on behalf of the United States to 42,298 additional shares of the capital stock of the Bank, as part of the selective increase in the capital stock of the Bank, except that any subscription to such additional shares shall be effective only to the extent or in such amounts as are provided in advance in appropriations Acts;*

*(2)(A) to vote in favor of a resolution to increase the capital stock of the Bank on a general basis by 230,500 shares; and*

*(B) to subscribe on behalf of the United States to 38,662 additional shares of the capital stock of the Bank, as part of the general increase in the capital stock of the Bank, except that any subscription to such additional shares shall be effective only to the extent or in such amounts as are provided in advance in appropriations Acts.*

*(b) Limitations on Authorization of Appropriations.—*

*(1) In order to pay for the increase in the United States subscription to the Bank under subsection (a)(2)(B), there are authorized to be appropriated, without fiscal year limitation, $4,663,990,370 for payment by the Secretary of the Treasury.*

*(2) Of the amount authorized to be appropriated under paragraph (1), $932,798,074 shall be for paid in shares of the Bank, and $3,731,192,296 shall be for callable shares of the Bank.*

*(3) In order to pay for the increase in the United States subscription to the Bank under subsection (a)(1)(B), there are authorized to be appropriated, without fiscal year limitation $5,102,619,230 for payment by the Secretary of the Treasury.*

*(4) Of the amount authorized to be appropriated under paragraph (3), $306,157,153.80 shall be for paid in shares of the Bank, and $4,796,462,076.20 shall be for callable shares of the Bank."*

## Debt Relief

*SEC. 7063. Of the available funds appropriated in this and prior Acts making appropriations for the Department of State, Foreign Operations, and Related Programs, except for funds designated for Overseas Contingency Operations/Global War on Terrorism pursuant to section 251(b)(2)(A)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, funds may be transferred to, and merged with, funds available under the heading "Department of Treasury—Debt Restructuring" in title III of prior Acts making appropriations for the Department of State, Foreign Operations, and Related Programs, to remain available until expended, for the cost, as defined in section 502 of the Congressional Budget Act of 1974, of modifying loans and loan guarantees, as the President may determine, or for the cost of selling, reducing, or cancelling amounts owed to the United States as a result of loans made to any country, in the event that the country meets the U.S. Government's and internationally-agreed conditions and the transfer or merger is consistent with U.S. law and foreign policy considerations.*

## Debt Restructuring

*SEC.7071. Section 501(i) of title V of H.R. 3425 as enacted into law by section 1000(a)(5) of Public Law 106-113, as amended by section 699H(b)(1) of division J of Public Law 110-161, is further amended by striking "2000-2010" and inserting in lieu thereof "2000-2021."*