

Financial Services Committee

Opening Remarks by Rep. Maxine Waters

Hearing: “The World Bank’s Disclosure Policy Review and the Role of Democratic Participatory Processes in Achieving Successful Development Outcomes”

**Thursday, September 10, 2009
2128 Rayburn, 10:00AM**

I would like to begin by thanking Chairman Barney Frank and Ranking Member Spencer Bachus for organizing this hearing on “The World Bank’s Disclosure Policy Review and the Role of Democratic Participatory Processes in Achieving Successful Development Outcomes.” I especially appreciate Chairman Frank’s continuing interest in the issues of transparency and democratic participatory processes at the World Bank.

The call for greater transparency and participatory processes at the World Bank has been a recurrent theme in the United States Congress for well over a decade. As a leader of efforts to expand debt relief for poor countries, I know that transparent and participatory processes go hand-in-hand with poor country debt relief.

Ten years ago, I worked with my colleagues on this committee to free poor countries from the burden of debt. On November 18, 1999, the Committee on Banking and Financial Services marked up and passed H.R.1095, the Debt Relief for Poverty Reduction Act of 1999. This legislation directed the Clinton Administration to negotiate with world leaders to develop and implement the Enhanced Heavily Indebted Poor Countries (HIPC) Initiative, which provides multilateral debt relief to the world’s poorest countries. The legislation included provisions to ensure that debt relief programs would be transparent and participatory.

H.R. 1095 included the following provision regarding transparent and participatory processes by poor countries:

“Debt reduction under the modified HIPC Initiative shall not be provided for the benefit of a country unless the government of the country has established, through transparent and participatory processes, including the participation of civil society-- (A) a plan of action for human development...which includes policies, programs, and projects designed to reduce the number of persons living in poverty, expand access of the poorest members of society to basic social services, including health, education, clean water, and sanitation, and prevent the degradation of the environment...” *(See Section 3, amendments to Title XVI of the International Financial Institutions Act, SEC. 1623(a)(4), of H.R. 1095, as reported, in the 106th Congress.)*

H.R. 1095 also included the following provision regarding transparent and participatory processes by the World Bank and other international financial institutions:

“All decisions under the modified HIPC Initiative concerning the amount, terms and conditions, and timing of debt relief for a country, and the processes by which such decisions are made, shall be subject to procedures which-- (A) are transparent...[and] (B) are participatory, including the participation of civil society and organizations with social sector expertise...” *(See Section 3, amendments to Title XVI of the International Financial Institutions Act, SEC. 1623(a)(8), of H.R. 1095, as reported, in the 106th Congress.)*

As a result of our efforts, the HIPC Initiative now provides complete debt cancellation to qualifying poor countries. In order to qualify, poor countries are required to develop and implement a Poverty Reduction Strategy Paper, through transparent and participatory processes, including the participation of civil society. Unfortunately, there is still a need for greater transparency and participatory processes at the World Bank itself.

In the 110th Congress, I introduced H.R. 2634, the Jubilee Act for Responsible Lending and Expanded Debt Cancellation. The Jubilee Act would expand debt cancellation to additional needy and deserving poor countries and preserve the benefits that debt cancellation has provided to impoverished people worldwide. The Jubilee Act also includes a provision requiring the establishment of a “Framework for Creditor Transparency,” in order to promote greater transparency at the World Bank and other international financial institutions and allow informed participation and input by affected communities.

The Jubilee Act was passed by the House of Representatives on April 16th of last year by an overwhelming, bipartisan vote of 285 to 132. A similar bill was introduced in the Senate by Senator Robert Casey. It was passed by the Committee on Foreign Relations on June 24, 2008. Unfortunately, it was not brought before the full Senate prior to adjournment. I am currently updating the text of the Jubilee Act, and I plan to re-introduce it this year.

Of course, debt relief is not the only World Bank program that would benefit from transparent and participatory processes. That is why I welcome the opportunity to examine the World Bank’s Disclosure Policy Review and hear the testimony of the witnesses at this hearing. I appreciate the interest of a diverse group of World Bank experts, advocates and stakeholders in these important issues, and I look forward to a constructive discussion.

I thank the Chairman for the time.