CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

March 3, 2010

S. 2961
Haiti Recovery Act

As ordered reported by the Senate Committee on Foreign Relations on February 24, 2010

S. 2961 would direct representatives of the United States to work with international financial institutions to achieve the cancellation of all remaining debt obligations incurred by Haiti before the date of enactment of the legislation.

Haiti's total outstanding debt obligations to international financial institutions currently amount to over $825 million, according to the Department of Treasury. In nominal terms, Haiti owes $447 million to the Inter-American Development Bank (IDB), $284 million to the Extended Credit Facility of the International Monetary Fund (IMF), $58 million to the International Fund for Agricultural Development (IFAD), and $39 million to the International Development Association (IDA). The estimated net present value of those debt obligations—the total cost of canceling Haiti's debt today—is over $600 million.

As a member of the international institutions that hold Haitian debt, the United States would be expected to make payments to those organizations to cover some part of the canceled debt. The U.S. share of those costs would be subject to the outcome of future negotiations among donors, which CBO cannot predict. For the purposes of this estimate, CBO assumes that the U.S. contribution to debt cancellation at each international financial institution would be proportional to the U.S. contributions to that institution.

The United States currently provides 50.5 percent of contributions to the IDB's Fund for Special Operations, 13.6 percent of contributions to IFAD, and 22.1 percent of contributions to IDA. The United States does not contribute to the IMF's Extended Credit Facility. On that basis, CBO estimates that additional U.S. contributions to international financial institutions that remit Haitian debt would increase spending by $175 million in 2010 or 2011, assuming appropriation of the necessary amounts.

Enacting S. 2961 would not affect direct spending or revenues; therefore, pay-as-you-go procedures would not apply.

S. 2961 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

The CBO staff contact for this estimate is John Chin. This estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.