

118TH CONGRESS
2D SESSION

S. 5617

To provide for debt reduction for developing countries for purposes of climate adaptation, and for other purposes.

IN THE SENATE OF THE UNITED STATES

DECEMBER 19 (legislative day, DECEMBER 16), 2024

Mr. WELCH introduced the following bill; which was read twice and referred to the Committee on Foreign Relations

A BILL

To provide for debt reduction for developing countries for purposes of climate adaptation, and for other purposes.

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 “Global Climate Resil-
5 ience Act of 2024”.

6 **SEC. 2. EXPANSION OF DEBT REDUCTION UNDER TROP-**
7 **ICAL FOREST AND CORAL REEF CONSERVA-**
8 **TION ACT OF 1998.**

9 (a) EXPANSION OF ELIGIBILITY.—

1 (1) DEFINITION OF COVERED COUNTRY.—Para-
 2 graph (5) of section 803 of the Tropical Forest and
 3 Coral Reef Conservation Act of 1998 (22 U.S.C.
 4 2431a) is amended to read as follows:

5 “(5) COVERED COUNTRY.—The term ‘covered
 6 country’ means—

7 “(A) a low income, lower-middle income, or
 8 upper-middle income country, as determined by
 9 the World Bank; or

10 “(B) a small island developing state, as de-
 11 termined by the United Nations.”.

12 (2) ELIGIBILITY FOR BENEFITS.—Section
 13 805(a) of the Tropical Forest and Coral Reef Con-
 14 servation Act of 1998 (22 U.S.C. 2431c(a)) is
 15 amended by striking “developing country” and in-
 16 serting “covered country”.

17 (b) CONSERVATION AGREEMENTS.—

18 (1) PRIORITIZATION OF PROJECTS AND ACTIVI-
 19 TIES.—Section 809(e)(2) of the Tropical Forest and
 20 Coral Reef Conservation Act of 1998 (22 U.S.C.
 21 2431g(e)(2)) is amended by inserting “and to activi-
 22 ties that are also aimed at reducing gender, income,
 23 and social inequalities” after “planning and execu-
 24 tion”.

1 (2) ADMINISTERING BODY.—Section
 2 809(c)(2)(A)(iii) of the Tropical Forest and Coral
 3 Reef Conservation Act of 1998 (22 U.S.C.
 4 2431g(c)(2)(A)(iii)) is amended—

5 (A) by striking “a broad range of”;

6 (B) in subparagraph (I), by inserting “a
 7 broad range of” after “(I)”;

8 (C) in subparagraph (II)—

9 (i) by inserting “a broad range of”
 10 after “(II)”;

11 (ii) by striking “; and” and inserting
 12 a semicolon;

13 (D) in subparagraph (III)—

14 (i) by inserting “a broad range of”
 15 after “(III)”;

16 (ii) by striking the period at the end
 17 and inserting “; and”;

18 (E) by adding at the end the following new
 19 subparagraph:

20 “(aa) the beneficiary com-
 21 munity or communities.”.

22 (3) REVIEW OF LARGER GRANTS.—Section
 23 809(f) of the Tropical Forest and Coral Reef Con-
 24 servation Act of 1998 (22 U.S.C. 2431g(f)) is

1 amended by striking “\$250,000” and inserting
2 “\$1,000,000”.

3 (c) FUNDING FOR REDUCTION OF DEBT.—

4 (1) AUTHORIZATION OF APPROPRIATIONS.—

5 Section 806(d) of the Tropical Forest and Coral
6 Reef Conservation Act of 1998 (22 U.S.C.
7 2431d(d)) is amended by striking “authorized to be
8 appropriated to the President the following:” and all
9 that follows through the period at the end of para-
10 graph (13) and inserting “authorized to be appro-
11 priated such sums as may be necessary.”.

12 (2) USE OF FUNDS TO CONDUCT PROGRAM AU-
13 DITS, EVALUATIONS, MONITORING, AND ADMINIS-
14 TRATION.—Section 806(e) of the Tropical Forest
15 and Coral Reef Conservation Act of 1998 (22 U.S.C.
16 2431d(e)) is amended by striking “Of the amounts”
17 and all that follows through “\$300,000 is authorized
18 to be made available” and inserting “One and one-
19 half (1.5) percent of the amounts made available to
20 carry out this part for a fiscal year is authorized to
21 be made available”.

1 **SEC. 3. DEBT REDUCTION FOR COUNTRIES VULNERABLE**
 2 **TO EFFECTS OF EXTREME WEATHER EVENTS**
 3 **AND SLOW-ONSET DISASTERS.**

4 The Foreign Assistance Act of 1961 (22 U.S.C. 2151
 5 et seq.) is amended by adding at the end the following:

6 **“PART VI—DEBT REDUCTION FOR COUNTRIES**
 7 **VULNERABLE TO EFFECTS OF CLIMATE CHANGE**
 8 **“SEC. 901. DEBT REDUCTION FOR COUNTRIES VULNER-**
 9 **ABLE TO EFFECTS OF EXTREME WEATHER**
 10 **EVENTS AND SLOW-ONSET DISASTERS.**

11 “(a) PURPOSES.—The purposes of this section are—

12 “(1) to support the ability of countries to adapt
 13 to effects of extreme weather events and slow-onset
 14 climate disasters; and

15 “(2) to ensure that resources freed from debt in
 16 such countries are targeted to developing resilience
 17 to the effects of climate change.

18 “(b) ELIGIBILITY FOR BENEFITS.—

19 “(1) IN GENERAL.—A country is eligible for
 20 benefits under this section if the President deter-
 21 mines that—

22 “(A) the country is—

23 “(i) a low income, lower-middle in-
 24 come, or upper-middle income country, as
 25 determined by the World Bank; or

1 “(ii) a small island developing state,
2 as determined by the United Nations;

3 “(B) the government of the country is
4 democratically elected;

5 “(C) the government of the country (in-
6 cluding its military or other security forces)
7 does not engage in a consistent pattern of gross
8 violations of internationally recognized human
9 rights; and

10 “(D) the government of the country has
11 developed a plan to use the benefits made avail-
12 able under this section to conduct—

13 “(i) climate adaptation activities; or

14 “(ii) activities to recover from extreme
15 weather events or slow-onset climate disas-
16 ters.

17 “(2) CONGRESSIONAL NOTIFICATION.—Not less
18 than 15 days before formally determining under
19 paragraph (1) that a country is eligible for benefits
20 under this section, the President shall notify the ap-
21 propriate congressional committees of intention of
22 the President to determine that the country is eligi-
23 ble for such benefits.

24 “(3) PREFERENCES.—In providing benefits
25 under this section, preference shall be given to coun-

1 tries with plans described in paragraph (1)(D)
 2 that—

3 “(A) involve local communities in the plan-
 4 ning and execution of activities described in
 5 that paragraph; and

6 “(B) aim to reduce gender, income, and
 7 social inequalities through such activities.

8 “(c) REDUCTION OF DEBT OWED TO UNITED
 9 STATES AS RESULT OF CERTAIN LOANS.—

10 “(1) AUTHORITY TO REDUCE DEBT.—

11 “(A) AUTHORITY.—The President may re-
 12 duce the amount owed to the United States (or
 13 any agency of the United States) as a result of
 14 loans made to an eligible country by the United
 15 States under part I of this Act, chapter 4 of
 16 part II of this Act, or predecessor foreign eco-
 17 nomic assistance legislation.

18 “(B) AUTHORIZATION OF APPROPRIA-
 19 TIONS.—There are authorized to be appro-
 20 priated to the President such sums as may be
 21 necessary to carry out this subsection.

22 “(C) CERTAIN PROHIBITIONS INAPPLI-
 23 CABLE.—

24 “(i) IN GENERAL.—A reduction of
 25 debt pursuant to this subsection shall not

1 be considered assistance for purposes of
 2 any provision of law limiting assistance to
 3 a country.

4 “(ii) NONAPPLICABILITY OF CERTAIN
 5 RESTRICTIONS.—The authority of this sub-
 6 section may be exercised notwithstanding
 7 section 620(r) of this Act or section 321 of
 8 the International Development and Food
 9 Assistance Act of 1975 (Public Law 94–
 10 161; 22 U.S.C. 2220a note).

11 “(2) IMPLEMENTATION OF DEBT REDUCTION.—

12 “(A) IN GENERAL.—Any debt reduction
 13 pursuant to paragraph (1) shall be accom-
 14 plished at the direction of the President by the
 15 exchange of a new obligation for obligations of
 16 the type referred to in that paragraph.

17 “(B) EXCHANGE OF OBLIGATIONS.—

18 “(i) NOTIFICATION.—The President
 19 shall notify the agency primarily respon-
 20 sible for administering part I of this Act
 21 (22 U.S.C. 2151 et seq.) of an agreement
 22 entered into under subparagraph (A) with
 23 a country to exchange a new obligation for
 24 outstanding obligations.

1 “(ii) CANCELLATION AND ISSUANCE
2 OF NEW DEBT.—At the direction of the
3 President, the old obligations that are the
4 subject of the agreement entered into
5 under subparagraph (A) shall be canceled
6 and a new debt obligation for the country
7 shall be established relating to the agree-
8 ment, and the agency primarily responsible
9 for administering part I of this Act shall
10 make an adjustment in its accounts to re-
11 flect the debt reduction.

12 “(d) AUTHORITY TO ENGAGE IN DEBT-FOR-CLI-
13 MATE ADAPTATION SWAPS AND DEBT BUYBACKS.—

14 “(1) LOANS ELIGIBLE FOR SALE, REDUCTION,
15 OR CANCELLATION.—

16 “(A) DEBT-FOR-CLIMATE ADAPTATION
17 SWAPS.—

18 “(i) SALE, REDUCTION, AND CAN-
19 CELLATION.—Notwithstanding any other
20 provision of law, the President may, in ac-
21 cordance with this subsection, sell to any
22 eligible purchaser described in subpara-
23 graph (B) loans described in subsection
24 (c)(1)(A), or on receipt of payment from
25 such a purchaser, reduce or cancel such

1 loans or portion thereof, only for the pur-
2 pose of facilitating debt-for-climate adapta-
3 tion swaps.

4 “(ii) PURCHASE OF PRIVATELY
5 OWNED DEBT.—

6 “(I) IN GENERAL.—The Presi-
7 dent may, in accordance with this
8 subsection, purchase privately owned
9 debt of an eligible country, if that
10 debt is purchased for not more than
11 65 percent of the face value of the
12 debt, for the purpose of facilitating
13 debt-for-climate adaptation swaps.

14 “(II) USE OF PROCEEDS.—Not-
15 withstanding section 3302 of title 31,
16 United States Code, the proceeds of
17 any purchase under subclause (I)—

18 “(aa) shall be credited as
19 offsetting collections to the ac-
20 count that finances the activities
21 under this section;

22 “(bb) shall be available for
23 expenditure only to pay the costs
24 of activities under this section;
25 and

1 “(cc) shall remain available
2 until expended.

3 “(B) ELIGIBLE PURCHASER DESCRIBED.—
4 A loan may be sold, reduced, or canceled under
5 subparagraph (A) only to a purchaser that pre-
6 sents plans satisfactory to the President for
7 using the loan for the purpose of engaging in
8 debt-for-climate adaptation swaps.

9 “(C) CONSULTATION REQUIREMENT.—Be-
10 fore the sale under subparagraph (A)(i) to any
11 eligible purchaser described in subparagraph
12 (B), or any reduction or cancellation under sub-
13 paragraph (A)(i), of any loan made to an eligi-
14 ble country, and before the purchase of pri-
15 vately owned debt under subparagraph (A)(ii),
16 the President shall consult with the country
17 concerning the amount of loans to be sold, re-
18 duced, or canceled, or debt to be purchased, as
19 the case may be, and their uses for debt-for-cli-
20 mate adaptation swaps.

21 “(D) AUTHORIZATION OF APPROPRIA-
22 TIONS.—There are authorized to be appro-
23 priated to the President such sums as may be
24 necessary to carry out this subsection.

1 “(2) DEBT BUYBACKS.—Notwithstanding any
2 other provision of law, the President may, in accord-
3 ance with this subsection, sell to any eligible country
4 any loans described in subsection (c)(1)(A) or on re-
5 ceipt of payment from an eligible country, reduce or
6 cancel such loans or portion thereof, only for the
7 purpose of facilitating a debt buyback by an eligible
8 country of its own qualified debt in order to support
9 climate adaptation activities.

10 “(3) TERMS AND CONDITIONS.—Notwith-
11 standing any other provision of law, the President
12 shall, in accordance with this subsection, establish
13 the terms and conditions under which loans may be
14 sold, reduced, or canceled pursuant to this sub-
15 section.

16 “(4) DEPOSIT OF PROCEEDS.—The proceeds
17 from the sale, reduction, or cancellation of any loan
18 sold, reduced, or canceled pursuant to this sub-
19 section shall be deposited in the United States Gov-
20 ernment account or accounts established for the re-
21 payment of the loan.

22 “(e) CONSULTATIONS WITH CONGRESS.—The Presi-
23 dent shall consult with the appropriate congressional com-
24 mittees on a periodic basis to review the operation of this

1 section and the eligibility of countries for benefits under
2 this section.

3 “(f) ANNUAL REPORTS TO CONGRESS.—

4 “(1) IN GENERAL.—Not later than April 15 of
5 each year, the President shall prepare and submit to
6 Congress an annual report concerning the operation
7 of this section during the preceding calendar year.

8 “(2) ELEMENTS.—Each report required by
9 paragraph (1) shall include—

10 “(A) a description of the activities under-
11 taken under this section during the preceding
12 calendar year; and

13 “(B) a description of any agreement en-
14 tered into under this section.

15 “(g) DEFINITIONS.—In this section:

16 “(1) APPROPRIATE CONGRESSIONAL COMMIT-
17 TEES.—The term ‘appropriate congressional com-
18 mittees’ means—

19 “(A) the Committee on Foreign Relations
20 and the Committee on Appropriations of the
21 Senate; and

22 “(B) the Committee on Foreign Affairs
23 and the Committee on Appropriations of the
24 House of Representatives.

1 “(2) CLIMATE ADAPTATION ACTIVITIES.—The
2 term ‘climate adaptation activities’ means activities
3 undertaken to make changes to processes, practices,
4 or structures that moderate potential damage from
5 hazardous events, trends, or disturbances associated
6 with extreme weather events and slow-onset climate
7 disasters.

8 “(3) DEBT-FOR-CLIMATE ADAPTATION SWAP.—
9 The term ‘debt-for-climate adaptation swap’ means
10 the reduction of amounts owed to the United States
11 (or any agency of the United States) by an eligible
12 country in exchange for the commitment of that
13 country to conduct climate adaptation activities.

14 “(4) ELIGIBLE COUNTRY.—The term ‘eligible
15 country’ means a country determined under sub-
16 section (b) to be eligible for benefits under this sec-
17 tion.

18 “(5) EXTREME WEATHER EVENT.—The term
19 ‘extreme weather event’ means an occurrence of un-
20 usually severe weather or climate conditions that can
21 cause devastating impacts on communities and agri-
22 cultural and natural ecosystems.

23 “(6) SLOW-ONSET CLIMATE DISASTER.—The
24 term ‘slow-onset climate disaster’ means an event
25 that evolves gradually from incremental changes oc-

1 curring over many years or from an increased fre-
 2 quency or intensity of recurring events, such as sea-
 3 level rise, loss of biodiversity, desertification, increas-
 4 ing temperatures, or ocean acidification.”.

5 **SEC. 4. SUPPORT BY INTERNATIONAL FINANCIAL INSTITU-**
 6 **TIONS FOR REDUCING DEBT LOAD OF COUN-**
 7 **TRIES WITH HIGH VULNERABILITY TO EX-**
 8 **TREME WEATHER EVENTS AND SLOW-ONSET**
 9 **CLIMATE DISASTERS.**

10 (a) IN GENERAL.—The United States Executive Di-
 11 rectors at the international financial institutions shall use
 12 the voice and vote of the United States in those institu-
 13 tions to support countries with high vulnerability to ex-
 14 treme weather events and slow-onset climate disasters by
 15 advocating for policies that reduce or restructure the debt
 16 load of those countries, such as by facilitating—

- 17 (1) debt forgiveness agreements;
- 18 (2) debt buybacks;
- 19 (3) debt-for-climate and debt-for-nature swaps;
- 20 and
- 21 (4) other similar programs.

22 (b) DEFINITIONS.—In this section:

- 23 (1) INTERNATIONAL FINANCIAL INSTITU-
- 24 TION.—The term “international financial institu-
- 25 tion” means each of the following:

1 (A) The International Monetary Fund.

2 (B) The International Bank for Recon-
3 struction and Development.

4 (C) The International Development Asso-
5 ciation.

6 (D) The International Finance Corpora-
7 tion.

8 (E) The Multilateral Investment Guar-
9 antee Agency.

10 (F) The African Development Fund.

11 (G) The African Development Bank.

12 (H) The Asian Development Fund.

13 (I) The Asian Development Bank.

14 (J) The European Bank for Reconstruct-
15 ion and Development.

16 (K) The Inter-American Development
17 Bank (in this section referred to as “IDB”).

18 (L) IDB Invest.

19 (M) The North American Development
20 Bank.

21 (2) OTHER TERMS.—The terms “extreme
22 weather event” and “slow-onset climate disaster”
23 has the meanings given those terms in section 901

1 of the Foreign Assistance Act of 1961, as added by
2 section 3.

