



Global Climate Resilience Act

Section-by-Section Summary

Section 1 – Short Title.

Section 2 – Debt Reduction for Countries Vulnerable to Effects of Extreme Weather Events and Slow-onset Disasters.

(a) Adds “Part VI – Debt Reduction for Countries Vulnerable to Effects of Climate Change,” to the Foreign Assistance Act of 1961 for the purposes of supporting the ability of countries to adapt to effects of extreme weather events and slow-onset climate disasters and ensuring that resources freed from debt in such countries are targeted to developing resilience to the effects of climate change.

(b) Eligibility for Benefits

(1) Establishes that countries are eligible to receive benefits if they are low income, lower-middle income, or upper-middle income (as determined by the World Bank) or a small island developing state (as determined by the United Nations).

Additionally, the government of the country must be democratically elected and not engaged in a consistent pattern of violations of internationally recognized human rights.

Finally, the government must have developed a plan to use benefits for resilience activities or activities to recover from extreme weather events.

(2) Directs the President to notify Congress when determining if a country is eligible to receive benefits.

(3) Gives preference to countries that develop resilience activities that involve local communities and aim to reduce gender, income, and social inequalities through planned activities.

(c) Reduction of Debt Owed to United States as Result of Certain Loans –

(1) Provides the President the authority to reduce the amount owed to the U.S., or any agency of the U.S., as a result of loans made available under part 1 or chapter 4 of part II of the Foreign Assistance Act of 1961, or any former foreign economic assistance legislation. Authorizes appropriations necessary to carry out reductions of debt and prohibits debt reductions from being classified as assistance in situations where assistance to a country has been prohibited.

(2) Implementation of Debt Reduction – Specifies how the President shall interact with relevant agencies when cancelling and reissuing a country's debt.

(d) Authority to Engage in Debt-for Resilience Swaps and Debt Buybacks

(1) Loans Eligible for Sale, Reduction, or Cancellation.

(A) Debt-for-Resilience Swaps – enables the President to sell loans described in (c)(1)(A) to eligible purchasers or on receipt of payment from a purchaser, reduce or cancel loans, only if they are for facilitating debt-for-climate adaption swaps. Additionally, the President may facilitate debt-for-resilience swaps by purchasing the privately owned debt of an eligible country, if it is purchased for no more than 65% of the face value of the debt. The proceeds of any purchase must be credited as offsetting collections to the account that finances activities in Section 3 of this bill, must be available for expenditures only to pay the costs of activities in this section, and must remain available until expended.

(B) Eligible Purchaser Described – A purchaser that presents plans for the purpose of using the purchased, reduced, or cancelled loan to engage in debt-for-resilience swaps.

(C) Consultation requirement – Requires the President to consult with the country concerning the amount of loans to be sold, reduced, canceled, or debt to be purchased before the sale of any loan made to an eligible country and before the purchase of privately owned debt.

(D) Authorization of Appropriations – Authorizes sums as may be necessary to carry out.

(2) Debt Buybacks – authorizes the President to sell to any eligible country any loans described in (c)(1)(A) or on receipt of payment from an eligible country,

reduce or cancel such loans or portion, only for the purpose of facilitating a debt buyback by an eligible country to support climate adaption.

(3) Terms and Conditions – authorizes President to establish terms and conditions under which loans may be sold, reduced, or canceled.

(4) Deposit of Proceeds – the proceeds from a sale, reduction, or cancellation of any loan sold, reduced, or canceled must be deposited in the U.S. Government account or accounts established for the repayment of the loan.

(e) Consultations with Congress – instructs the President to consult the relevant congressional committees on actions relevant to this section.

(f) Annual Reports to Congress – ensures no later than April 15 of each year, the President must prepare and submit an annual report concerning the operations of this section during the preceding calendar year. Each report must contain a description of the activities undertaken and a description of any agreement entered into.

(g) Definitions including appropriate congressional committees, resilience activities, debt-for-climate adaption, eligible country, extreme weather event, and slow-onset climate disaster.

Section 3 – Support by International Financial Institutions for Reducing Debt Load of Countries with High Vulnerability to Extreme Weather Events and Slow-onset Climate Disasters.

Mandates U.S. Executive Directors at the international financial institutions to use voice and vote of the United States to support countries with high vulnerability to extreme weather events and slow-onset climate disasters by advocating for policies that reduce or restructure the debt load of those countries by facilitating debt forgiveness agreements, debt buybacks, debt-for-climate and debt-for-nature swaps, and other similar programs. Defines international financial institutions as the International Monetary Fund, the International bank for Reconstruction and Development, the International Development Association, the International Finance Corporation, the Multilateral Investment Guarantee Agency, the African Development Fund, the African Development Bank, the Asian Development Fund, the Asian Development Bank, the European Bank or Reconstruction and Development, the Inter-American Development Bank (IDB), IDB Invest, the North American Development Bank. Asserts terms “extreme weather event” and “slow-onset climate

disaster” have meanings in section 901 of the Foreign Assistance Act of 1961 as amended by this Act.

Section 4 – Advocacy for International Climate Insurance Program at the World Bank

Mandates U.S. Executive Directors at the World Bank to use voice and vote of the United States to advocate for the establishment of a parametric international climate insurance program that provides financial assistance, in the form of insurance payments, to member countries to meet recovery needs following natural disasters.