

119TH CONGRESS
1ST SESSION

S. _____

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

IN THE SENATE OF THE UNITED STATES

Mr. WELCH (for himself and Mr. KIM) introduced the following bill; which was
read twice and referred to the Committee on _____

A BILL

To provide for debt reduction for developing countries for
purposes of developing resilience, 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 2025”.

6 **SEC. 2. DEBT REDUCTION FOR COUNTRIES VULNERABLE** 7 **TO EFFECTS OF EXTREME WEATHER EVENTS** 8 **AND SLOW-ONSET DISASTERS.**

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

1 **“PART VI—DEBT REDUCTION FOR COUNTRIES**
2 **VULNERABLE TO EFFECTS OF CLIMATE CHANGE**
3 **“SEC. 901. DEBT REDUCTION FOR COUNTRIES VULNER-**
4 **ABLE TO EFFECTS OF EXTREME WEATHER**
5 **EVENTS AND SLOW-ONSET DISASTERS.**

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

7 “(1) to support the ability of countries to adapt
8 to effects of extreme weather events and slow-onset
9 climate disasters; and

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

13 “(b) ELIGIBILITY FOR BENEFITS.—

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

17 “(A) the country is—

18 “(i) a low income, lower-middle in-
19 come, or upper-middle income country, as
20 determined by the World Bank; or

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

23 “(B) the government of the country is
24 democratically elected;

25 “(C) the government of the country (in-
26 cluding its military or other security forces)

1 does not engage in a consistent pattern of gross
2 violations of internationally recognized human
3 rights; and

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

7 “(i) resilience activities;

8 “(ii) preventative disaster risk reduc-
9 tion planning, including nature-based solu-
10 tions; or

11 “(iii) activities to recover from ex-
12 treme weather events or slow-onset climate
13 disasters.

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

21 “(3) PREFERENCES.—In providing benefits
22 under this section, preference shall be given to coun-
23 tries with plans described in paragraph (1)(D)
24 that—

1 “(A) involve local communities and Indige-
2 nous peoples in the planning and execution of
3 activities described in that paragraph; and

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

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

8 “(1) AUTHORITY TO REDUCE DEBT.—

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

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

20 “(C) CERTAIN PROHIBITIONS INAPPLI-
21 CABLE.—

22 “(i) IN GENERAL.—A reduction of
23 debt pursuant to this subsection shall not
24 be considered assistance for purposes of

1 any provision of law limiting assistance to
2 a country.

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

10 “(2) IMPLEMENTATION OF DEBT REDUCTION.—

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

16 “(B) EXCHANGE OF OBLIGATIONS.—

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

24 “(ii) CANCELLATION AND ISSUANCE
25 OF NEW DEBT.—At the direction of the

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

10 “(d) AUTHORITY TO ENGAGE IN DEBT-FOR-RESIL-
11 IENCE SWAPS AND DEBT BUYBACKS.—

12 “(1) LOANS ELIGIBLE FOR SALE, REDUCTION,
13 OR CANCELLATION.—

14 “(A) DEBT-FOR-RESILIENCE SWAPS.—

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

1 “(ii) PURCHASE OF PRIVATELY
2 OWNED DEBT.—

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

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

15 “(aa) shall be credited as
16 offsetting collections to the ac-
17 count that finances the activities
18 under this section;

19 “(bb) shall be available for
20 expenditure only to pay the costs
21 of activities under this section;
22 and

23 “(cc) shall remain available
24 until expended.

1 “(B) ELIGIBLE PURCHASER DESCRIBED.—

2 A loan may be sold, reduced, or canceled under
3 subparagraph (A) only to a purchaser that pre-
4 sents plans satisfactory to the President for
5 using the loan for the purpose of engaging in
6 debt-for-resilience swaps.

7 “(C) CONSULTATION REQUIREMENT.—Be-

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

19 “(D) AUTHORIZATION OF APPROPRIA-

20 TIONS.—There are authorized to be appro-
21 priated to the President such sums as may be
22 necessary to carry out this subsection.

23 “(2) DEBT BUYBACKS.—Notwithstanding any
24 other provision of law, the President may, in accord-
25 ance with this subsection, sell to any eligible country

1 any loans described in subsection (c)(1)(A) or on re-
2 ceipt of payment from an eligible country, reduce or
3 cancel such loans or portion thereof, only for the
4 purpose of facilitating a debt buyback by an eligible
5 country of its own qualified debt in order to support
6 resilience activities.

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

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

19 “(e) CONSULTATIONS WITH CONGRESS.—The Presi-
20 dent shall consult with the appropriate congressional com-
21 mittees on a periodic basis to review the operation of this
22 section and the eligibility of countries for benefits under
23 this section.

24 “(f) ANNUAL REPORTS TO CONGRESS.—

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

5 “(2) ELEMENTS.—Each report required by
6 paragraph (1) shall include—

7 “(A) a description of the activities under-
8 taken under this section during the preceding
9 calendar year; and

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

12 “(g) DEFINITIONS.—In this section:

13 “(1) APPROPRIATE CONGRESSIONAL COMMIT-
14 TEES.—The term ‘appropriate congressional com-
15 mittees’ means—

16 “(A) the Committee on Foreign Relations
17 and the Committee on Appropriations of the
18 Senate; and

19 “(B) the Committee on Foreign Affairs
20 and the Committee on Appropriations of the
21 House of Representatives.

22 “(2) DEBT-FOR-RESILIENCE SWAP.—The term
23 ‘debt-for-resilience swap’ means the reduction of
24 amounts owed to the United States (or any agency
25 of the United States) by an eligible country in ex-

1 change for the commitment of that country to con-
2 duct resilience activities.

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

7 “(4) EXTREME WEATHER EVENT.—The term
8 ‘extreme weather event’ means an occurrence of un-
9 usually severe weather or climate conditions that can
10 cause devastating impacts on communities and agri-
11 cultural and natural ecosystems.

12 “(5) RESILIENCE ACTIVITIES.—The term ‘resil-
13 ience activities’ means activities undertaken to make
14 changes to processes, practices, or structures that
15 moderate potential damage from hazardous events,
16 trends, or disturbances associated with extreme
17 weather events and slow-onset climate disasters.

18 “(6) SLOW-ONSET CLIMATE DISASTER.—The
19 term ‘slow-onset climate disaster’ means an event
20 that evolves gradually from incremental changes oc-
21 ccurring over many years or from an increased fre-
22 quency or intensity of recurring events, such as sea-
23 level rise, loss of biodiversity, desertification, increas-
24 ing temperatures, or ocean acidification.”.

1 **SEC. 3. SUPPORT BY INTERNATIONAL FINANCIAL INSTITU-**
2 **TIONS FOR REDUCING DEBT LOAD OF COUN-**
3 **TRIES WITH HIGH VULNERABILITY TO EX-**
4 **TREME WEATHER EVENTS AND SLOW-ONSET**
5 **CLIMATE DISASTERS.**

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

- 13 (1) debt forgiveness agreements;
14 (2) debt buybacks;
15 (3) debt-for-resilience and debt-for-nature
16 swaps; and
17 (4) other similar programs.

18 (b) DEFINITIONS.—In this section:

19 (1) ELIGIBLE COUNTRY.—The term “eligible
20 country” means—

21 (A) a low income, lower-middle income, or
22 upper-middle income country, as determined by
23 the World Bank; or

24 (B) a small island developing state, as de-
25 termined by the United Nations.

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

4 (A) The International Monetary Fund.

5 (B) The International Bank for Recon-
6 struction and Development.

7 (C) The International Development Asso-
8 ciation.

9 (D) The International Finance Corpora-
10 tion.

11 (E) The Multilateral Investment Guar-
12 antee Agency.

13 (F) The African Development Fund.

14 (G) The African Development Bank.

15 (H) The Asian Development Fund.

16 (I) The Asian Development Bank.

17 (J) The European Bank for Reconstruc-
18 tion and Development.

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

21 (L) IDB Invest.

22 (M) The North American Development
23 Bank.

24 (3) OTHER TERMS.—The terms “extreme
25 weather event” and “slow-onset climate disaster”

1 has the meanings given those terms in section 901
2 of the Foreign Assistance Act of 1961, as added by
3 section 2.

4 **SEC. 4. ADVOCACY FOR INTERNATIONAL CLIMATE INSUR-**
5 **ANCE PROGRAM AT WORLD BANK.**

6 (a) IN GENERAL.—The representatives of the United
7 States to the World Bank shall use the voice and vote of
8 the United States to advocate for the establishment of a
9 parametric international climate insurance program that
10 provides immediate financial assistance, in the form of in-
11 surance payments, to eligible countries to meet recovery
12 needs following natural disasters.

13 (b) ELEMENTS.—The structure and requirements of
14 the program described in subsection (a) shall be deter-
15 mined by the World Bank, but may include—

16 (1) payments to—

17 (A) small producers and vulnerable sectors
18 affected by natural disasters; and

19 (B) the governments of member countries
20 affected by natural disasters for—

21 (i) program restoration;

22 (ii) disaster cleanup;

23 (iii) climate adaptation;

24 (iv) ecosystem restoration and nature-
25 based solutions; and

1 (v) other recovery efforts;

2 (2) eligibility criteria that are comparable to the
3 eligibility criteria for debt reduction under section
4 901(b) of the Foreign Assistance Act of 1961, as
5 added by section 2;

6 (3) consideration of the aggregate risk of nat-
7 ural disasters across eligible countries to reduce pre-
8 miums; and

9 (4) support for existing international climate-re-
10 lated insurance programs such as the Caribbean Ca-
11 tastrophe Risk Insurance Facility.

12 (c) DEFINITIONS.—In this section:

13 (1) ELIGIBLE COUNTRY.—The term “eligible
14 country” means—

15 (A) a low income, lower-middle income, or
16 upper-middle income country, as determined by
17 the World Bank; or

18 (B) a small island developing state, as de-
19 termined by the United Nations.

20 (2) NATURAL DISASTER.—The term “natural
21 disaster” means any hurricane, tornado, storm,
22 flood, high water, wind-driven water, tidal wave, tsu-
23 nami, earthquake, volcanic eruption, landslide,
24 mudslide, snowstorm, drought, fire, or other catas-
25 trophe that causes, or may cause, substantial dam-

1 age or injury to civilian property or persons, eco-
2 systems, or services of ecosystems.

3 (3) WORLD BANK.—The term “World Bank”
4 means the following, collectively:

5 (A) The International Bank for Recon-
6 struction and Development.

7 (B) The International Development Asso-
8 ciation.

9 (C) The International Finance Corpora-
10 tion.

11 (D) The Multilateral Investment Guar-
12 antee Agency.