



**International Financial Architecture (IFA) Working Group**

**PRESIDENCY NOTE**

**G20 Presidency Note on Climate Resilient  
Debt Clauses: State of play and ways forward**

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2024

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*The increasing frequency and severity of natural disasters<sup>1</sup> can impair the debt repayment capacity of borrower countries, especially the most vulnerable economies, where these disasters can have a significant negative economic impact. To help the most vulnerable debtor countries free up fiscal space for emergency response and regional reconstruction after climatic events, and to prevent credit events (missed payments), debtor countries and creditors might consider Climate Resilient Debt Clauses (CRDCs) as new contingent instruments incorporated into debt agreements on a voluntary and case-by-case basis.*

## **I. CLIMATE RESILIENT DEBT CLAUSES (CRDCS) ARE A TOOL DESIGNED TO PROVIDE TEMPORARY LIQUIDITY AND HELP REDUCING THE RISK OF DEFAULT IN THE EVENT OF A NATURAL DISASTER**

**Many climate-vulnerable States, including—but not limited to—small islands States, have been repeatedly exposed to debt crises stemming from structural fiscal imbalances exacerbated by climate-related events** such as hurricanes and earthquakes. In some cases, these events have further deteriorated debt sustainability and placed the debt into distress, hindering these countries' ability to repay. International financial institutions (IFIs) can incorporate more responsive instruments (in terms of debt sustainability) to support regions frequently affected by natural disasters.

**CRDCs aim to provide temporary liquidity and prevent a credit event in times of natural disasters.** Their purpose is to allow for flexibility in debt repayments following climate-related disasters through explicit legal conditions integrated into debt contracts. These clauses can freeze debt service for a specified period as agreed upfront between the lender and borrower, contingent upon qualifying conditions of the catastrophe. These changes are typically NPV neutral for the creditor. Because of their contractual nature, they allow beneficiary countries to potentially avoid reputational risks associated with requesting debt reprofiling after a shock event and reduce default risks. CRDCs thus help ensure continued access to external sources of financing precisely when most crucial. Credit events triggering cross-default clauses<sup>2</sup> would exacerbate the country's situation, proving costly for both debtor and creditors. By mitigating litigation risk, CRDCs can reduce costs for private creditors, potentially across multiple jurisdictions. The effects of debt service suspension, even when contractual, are limited in size and duration, and should not be confused with immediate relief needs. CRDCs are useful as an additional instrument in the disaster risk finance toolkit available to debt managers.

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1. This note covers only 'climate resilient' clauses and does not address other potential triggers, such as pandemics.

2. 'Cross default refers' to a provision in a contract that allows a party to declare a default if the counterparty defaults on another obligation.

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**Demand for promoting CRDCs has grown over time and implementation has commenced with several notable initiatives:<sup>3</sup>**

- **The Paris Club** introduced ‘hurricane clauses’ in a restructuring agreement as of 2015, to be replicated when appropriate.
- **Some official bilateral** lenders are integrating CRDCs into their lending investments.<sup>4</sup>
- Following major climatic disasters, Grenada and Barbados restructured their dollar-denominated bond debt in 2019 and 2020, respectively, incorporating into the new post-restructuring securities.
- The private sector working group led by the United Kingdom convened sovereigns, international financial organizations, borrowing countries, credit rating agencies, and the private sector in 2021-2022. They advocated for the incorporation of CRDCs in debt instruments and proposed a standardized term sheet for bonded debt.<sup>5</sup> Countries vulnerable to climate shocks would see improved resilience, alongside majority voting provisions for syndicated loans. This initiative was formalized at the Paris Summit in June 2023, and discussions are ongoing. Efforts are under way to include the most suitable legal text for CRDCs in commercial contracts.<sup>6</sup>
- **Multilateral Development Banks (MDBs)** have also been very active on this front:
  - Following the pioneering example of the IDB, which have adopted CRDCs in their loan documentation since July 2021, the World Bank currently offers CRDCs to IBRD and IDA Small States Economies, members of the Small States Forum and Small Island Developing States as defined by the UN.<sup>7 8</sup>
  - The African Development Bank (AfDB) is working on implementing CRDCs pilot arrangements soon.

3. See UK-led private sector working group and the following initiatives: 1) [CRDCs side event](#) at Paris Summit in June 2023; 2) UAE Presidency CRDCs event at COP28; and 3) SIDS4 CRDCs Event in May 2024.

4. Following France and the United Kingdom, Canada announced in October 2023 that it would offer CRDCs in new sovereign lending going forward.

5. See: <https://www.icmagroup.org/resources-2/Sovereign-Debt-Information/>

6. Private Sector Working Group. 2022. Climate Resilient Debt Clauses (CRDCs) Chairs.

7. Since July 2021, the IDB has implemented CRDCs in six borrowing member countries, providing over USD 1.6 billion in loan principal benefits, and is actively sharing its experience with other interested parties.

8. See: <https://thedocs.worldbank.org/en/doc/6857abe91ef32973cfab7f689e9f00fe-0340012023/original/CRDC-Product-note-EN.pdf>. Annex I provides further examples.

- The EBRD plans to offer CRDC in new loan agreements with sovereign, sovereign-guaranteed, and municipal clients from lower-middle-income (LMI) countries by mid-2024. This initiative will allow for debt deferral under pre-agreed terms after extreme climate-related and natural disasters, covering floods, droughts, and earthquakes. CRDCs will also extend to clients (subnational entities), recognizing the vulnerability of individual regions to natural disasters.<sup>9</sup>
- The Asian Development Bank (ADB) intends to implement a CRDC that permits the deferral of principal payments for two years following the triggering of a qualifying disaster event for Small Island Developing States (SIDS), starting in 2024. Eligible disasters will encompass tropical cyclones, hurricanes, and earthquakes. Ongoing consultations with peer MDBs and other counterparts aim to define appropriate event triggers that address the most pressing event categories.
- The European Investment Bank (EIB) began offering CRDCs in new loan agreements with sovereign clients from Least Developed Countries (LDCs) and SIDS in 2024.
- Many organizations, notably the United Nations Development Programme (UNDP) and the Economic Commission for Africa (ECA) have expressed support for CRDCs.

**The effectiveness of the CRDCs hinges on their widespread adoption by diverse creditors.** Simplifying trigger designs and streamlining administrative processes are crucial to expanding coverage and standardizing application procedures. Utilizing common language and recognizable key performance indicators could pave the way forward. Annex 1 provides further details.

## II. THE DESIGN OF CRDCS MUST ADDRESS SEVERAL TECHNICAL CONSIDERATIONS TO FUNCTION EFFECTIVELY

- Precise coverage**, including factors such as geography, risk exposure, income considerations, population, etc.
- Covered disasters:** Examples of natural disasters typically include hurricanes, earthquakes, floods, droughts, etc. These have been expanded to include an option for deferral following a pandemic.<sup>10</sup>

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9. After the initial announcements made at COP28.

10. See Debora Zandstra at IDB 2023 – LAC Debt Group

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- iii. Activation process:** Although the activation of CRDCs varies with each agreement, it generally occurs when a borrower declares a national emergency following an extreme natural disaster event defined in the eligible events for CRDCs. Debtors submit a request to the creditor(s) to exercise the option of payment deferral. The creditor(s) will verify if the natural disaster meets the relevant thresholds for triggering the clause and, if so, will activate the CRDC. Some debt instruments may include automatic or semi-automatic triggers, while activation may occur on a case-by-case basis or upon request.
- iv. Trigger thresholds** may be based on disaster intensity and estimated loss of GDP, for example. The clearer the understanding of a specific type of natural disaster and its triggers, the easier it is to implement a CRDC. Therefore, triggers must be defined precisely and clearly to unambiguously determine when a CRDC should be activated.

  - For example, the IBRD/IDA uses the following criteria for tropical cyclones/hurricanes: The reported maximum sustained windspeed must meet 178 kph if reported as 1-minute average windspeed, or 160 kph if reported as 10-minute average windspeed, approximately equivalent to a category 3 hurricane in the North Atlantic Basin.
- v. Treatment terms and conditions** may include the suspension of interest and principal payments, freezing fees and penalties (e.g., late payments) and potential extension of maturity to achieve a neutral net present value (NPV) treatment (often maintaining a constant weighted average life). Some CRDCs may also permit debtors to convert interest rates, currencies etc.

**In summary, CRDCs would not operate in isolation, but rather as part of an enhanced, layered country disaster risk management system, alongside disaster risk insurance products.** Several MDBs have implemented the mentioned instruments, with potential for further collaboration in this field.

**The exact functioning of each CRDC provided by each creditor is evolving and varies significantly.** However, creditors must address these technical steps for a comprehensive approach. Failure to adhere to these steps could compromise the effectiveness of CRDCs. Understanding these implications will empower countries to make informed decisions about adopting CRDCs.

**Box 1: CRDCs should be viewed as one of several tools that assist affected countries in preserving their liquidity and preventing credit events. It may be necessary to consider other instruments or a combination thereof to enhance the resilience of countries' debt portfolios to climate change.**

Parametric insurance, which provides indemnity payments based on measures of a parametric index assumed to proxy actual losses, has been utilized for large disasters requiring immediate liquidity injections that do not add to the debt. Examples of risk transfer solutions that in some cases are structured with parametric triggers include:

- i. Catastrophe (CAT) bonds, where part of the principal is paid to the issuer in case of a covered disaster, or otherwise fully repaid to bondholders.<sup>11</sup>
- ii. Contingent Credit Facilities (CCF), Deferred Drawdown Options (DDOs), and Catastrophe Bonds with Deferred Drawdown Options (CAT DDOs). These are pre-approved contingent financing lines that provide immediate liquidity following a declaration of emergency triggered by a natural disaster or a health-related event. CAT DDOs function as contingent loan facilities, providing a first layer of protection in cases where disasters do not trigger parametric insurance. Costs can influence the choice between these options.<sup>12</sup>

The IMF's Catastrophe Containment and Relief Trust (CCRT) offers grants to relieve debt service to the IMF for the poorest and most vulnerable countries affected by catastrophic natural disasters or public health crises.

### III. OTHER CONSIDERATIONS AND CHALLENGES WHILE IMPLEMENTING CRDCS

**The treatment and consideration of CRDCs by relevant stakeholders are still under analysis, as it is a relatively new contingent instrument.** Credit rating agencies (CRAs) have not yet reached a consensus on the impact of CRDC activation. However, they acknowledge that activating these clauses alters the repayment schedule. Depending on how the clause is defined and the debtor country's existing financial agreements, this adjustment may be interpreted as a standard implementation of the contract.

11. See the example of [Mexico](#).

12. For example, the CCF is the IDB's main ex-ante risk financing instrument to strengthen disaster and climate resilience of member countries (as illustrated in the [Dominican Republic example](#)). At the WBG, CAT DDOs provide a contingent financing line for immediate liquidity to address shocks related to natural disasters and/or health-related events. MDBs also provide policy loans with contingent credit lines, enabling borrowers to promptly meet their financing needs in the event of resource shortages due to adverse economic events.

**As of October 2022, Fitch rated a dollar-denominated Barbados bond containing a CRDC as 'B'.<sup>13</sup>** The sovereign was not penalized by the inclusion of this clause, as the issuance rating aligned with the sovereign issuer default rating (IDR). Fitch has indicated that deferred payments will not be considered an event of default if they comply with the terms of the debt instrument.

**More recently, the Global Sovereign Debt Roundtable (GSDR) conducted a workshop where CRAs presented their methodologies** and clarified their treatment of such clauses. During the workshop, it was understood that official lending and commercial debt featuring built-in debt suspension clauses would not automatically trigger credit events if cash flows are bound by pre-agreed contractual clauses.

### **Box 2: Credit Rating Agencies – CRAs**

CRAs generally view CRDCs as rating-neutral or positive under certain assumptions (e.g., NPV neutrality or maintaining the loan's original weighted average life), compared to debt instruments without these clauses. This applies both to the rating of specific instruments incorporating CRDCs and to overall sovereign ratings. Such contractual agreements mitigate the risk of default in the face of severe climate shocks or other natural disasters and should not, by themselves, affect ratings. Rating agencies and broader financial market participants consider greater sovereign resilience to climate shocks or other natural disasters as positive.

For MDBs involved in smaller debt restructurings or with a relatively small share of their portfolio comprising CRDCs, the view is that these clauses would not necessarily affect the preferred creditor treatment (PCT) assessments for their ratings. In the case of S&P, if CRDCs were excluded from their arrears metrics, it would likely have a neutral effect on PCT assessments. However, CRDCs could influence management and risk position assessments, and to maintain neutrality, they should not constitute a significant portion of the portfolio.

Source: S&P – Credit FAQ, Fitch Ratings.

**MDBs have implemented CRDCs that are compatible with their preferred creditor status.** Extensive dialogues between MDBs and CRAs have concluded that offering CRDCs does not harm their Preferred-Credit-Status (PCS) under specific conditions, the most crucial being that all features must be agreed on ex-ante with the beneficiaries. This distinction ensures that activating a CRDC is not equated with a debt restructuring.

**While not setting a specific threshold, some MDBs implementing or exploring these clauses limit eligibility to the countries most affected by climate impacts for pilot CRDC programs. This approach helps keep the MDBs' share of countries with CRDCs below a certain portion of their portfolio.** The effectiveness of CRDCs depends on widespread adoption by creditors. To maximize impact, comprehensive adoption by official institutions, MDBs, and involvement of the private sector are crucial.

13. See: "Equalising the bond ratings with the sovereign Long-Term Foreign-Currency IDR signals that Fitch would not treat payment deferrals as a default event if they were in line with the bond terms." (<https://www.fitchratings.com/research/sovereigns/fitch-rates-its-first-natural-disaster-clause-sovereign-bond-24-10-2022>).

**According to research published in the MDB reform accelerator,<sup>14</sup> the average impact of a climatic event for non-SIDS and low- and middle-income countries (LMICs) is 2.6% of GDP.<sup>15</sup>** There is ongoing debate on the suitability and feasibility of expanding coverage beyond small States to include subnational governments, particularly involving private creditors.

**In the context of restructurings, CRDCs can influence how creditors committees' operate. Creditors may experience asymmetrical treatment based on whether they offer such clauses.** Consider a co-financed project supported by an MDB and a private bank. Suppose the MDB loan embeds a climate-resilient clause, while the private loan does not. This could lead to a situation where, for the same project, some creditors would suspend repayments while others would continue to receive reimbursement. This scenario might lead to a risk of 'juniorization' of participating creditors to the advantage of non-participating ones.

**This emphasizes the importance of the widespread adoption of this tool by both public and private creditors.** If the debtor undergoes restructuring, such clauses can further complicate the process.

**The impact of CRDCs on yields remains uncertain.** With CRDCs, debtors and creditors can avoid a lengthy, costly, and uncertain restructuring process since suspension conditions are defined ex-ante. However, yields on bonds and interest (spreads) on loan contracts with natural disaster clauses could rise, as investors seek compensation for the additional risk. Investors may consider the expected loss from a deferral of interest and principal payments.

**Pricing CRDCs is crucial for both multilateral and commercial lending.** Several factors influence the pricing of these instruments, such as the challenge in estimating the probability of trigger events. Debt Management Offices (DMOs) must also consider additional costs inherent in CRDCs, weighing the benefits of increased liquidity during turbulent times against the costs of other instruments (e.g., 'plain vanilla'), including guarantees or insurance.

**CRDC fees can be included to cover additional costs associated with their introduction, such as liquidity losses and administrative costs.** Currently, MDBs that offer CRDCs (e.g., IDB, WBG) apply a fee ranging from 5-10 basis points to partially cover debt service suspension when an event is triggered. However, loan fees could be waived as further assistance or diluted within the financing structure. While additional costs might discourage creditors from introducing CRDCs, solutions such as grant trust funds should be explored when fees are unavoidable.

**Complexity is an important factor when designing such clauses. It is key to facilitate implementation and ensure DMOs can manage these instruments.** Standardization can aid managers in identifying and evaluating the costs and benefits of adopting such clauses.

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14. <https://mdbreformaccelerator.cgdev.org/climate-shocks-and-debt-service-suspension-in-low-and-middle-income-countries-rethinking-the-climate-debt-nexus-through-facts-an-numbers/>

15. Varying significantly, with ranges spanning from 0.8% to 15% of GDP. Furthermore, the median of the top two quartiles is 4.5% of GDP and the mean of the upper quartile is 9% of GDP. If debt service is granted for one year, Paris Club and G20-Paris Club creditors could provide between 0.6% and 4% of GDP in specific cases. Multilaterals could provide a 0.5 to 2.5% of GDP, while external creditors could provide between 0% and 5%. However, to compensate for the impact of a climatic event on a country, all creditors would need to activate CRDCs, which may still not suffice for larger events.

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#### IV. NOTABLE PROGRESS HAS BEEN MADE, BUT A SIGNIFICANT AMOUNT OF WORK REMAINS

**In June 2023, several countries advocated for the implementation of CRDCs.** The UK, France, Barbados, Ghana, the USA, Canada, and Spain called on bilateral, multilateral, and private sector creditors to introduce climate-resilient debt clauses by the end of 2025. Japan also announced plans to launch a pilot program for CRDCs in new sovereign lending to Pacific Island Countries as of May 2024.

**Not all export credit agencies currently offer CRDCs.** Policymakers could consider analyzing the feasibility of conditioning their export guarantees on the inclusion of CRDCs in loan agreements.

**Most MDBs are already adopting CRDCs in loans targeting regions vulnerable to climate disasters.** The World Bank (IBRD and IDA), the Inter-American Development Bank (IDB), and the European Investment Bank (EIB) are already implementing them. The African Development Bank (AfDB), the European Bank for Reconstruction and Development (EBRD), and Asian Development Bank (ADB) are working on pilot arrangements. The AIIB is currently exploring the potential introduction of CRDCs in sovereign lending operations and is conducting internal consultation regarding the specific terms and conditions of such clauses.

**Adoption of CRDCs among private creditors is lagging.** The Debt Service Suspension Initiative (DSSI) has demonstrated little willingness among private lenders to grant debt deferrals.<sup>16</sup> Regarding securities, some market participants have expressed concerns over the impact of CRDCs on bond indexes,<sup>17</sup> which enable investors to benchmark and assist in portfolio management by providing a reference for asset allocation.

Despite recent advances, several challenges remain related to the design and implementation of CRDCs:

- i. Defining triggers:** Determining specific climate-related triggers that activate CRDCs is complex. These triggers must be clear, measurable, objective, and directly related to climate events to avoid disputes.
- ii. Assessing impact:** Accurately assessing the financial impact of climate events on a country's ability to service debt is challenging. This requires tools that can estimate economic damage from climate events, which are inherently uncertain.
- iii. Verification and monitoring:** Establishing a robust system to verify climate events and monitor compliance with CRDC terms is essential but can be resource-intensive in both financial and human terms.
- iv. Legal and contractual issues:** Incorporating CRDCs into loan agreements requires careful legal drafting to ensure that the terms are enforceable and align with international law and the borrower's legislative framework.

16. This initiative was carried out by the G20 during the COVID-19 crisis.

17. See IIF's 2024 Global Debt and Financial Stability Roundtable.

- v. Market acceptance:** Convincing lenders and investors to accept CRDCs remains a significant hurdle for broad adoption of the instrument. Lenders may be concerned about the potential for increased risk and uncertainty regarding loan repayments.
- vi. Moral hazard:** There is a risk that borrowers might underinvest in resilience measures if they know that some liquidity will be provided following a climate event, leading to a moral hazard problem.
- vii. Cost of borrowing:** Including CRDCs could potentially increase the cost of borrowing for sovereigns if lenders perceive them as adding risk to the loan.
- viii. Coordination among stakeholders:** Effective implementation of CRDCs requires coordination among various stakeholders, including governments, multilateral organizations, and private sector participants.
- ix. Equity and fairness:** Balancing the interests of borrowers and lenders fairly, ensuring the burden of climate risks is equitably shared, is a delicate task.

Addressing these challenges requires a collaborative approach involving financial experts, climate scientists, legal advisors, and policymakers to create a framework that is both practical and equitable.

## V. FINAL REMARKS

**The adoption and implementation of CRDCs represent a significant step forward in addressing the complex challenges posed by climate change on both a national and global scale.** By providing debtor countries with temporary liquidity space and reducing the risk of default in the event of natural disasters, CRDCs offer a proactive mechanism for managing climate-related risks while safeguarding financial stability.

**Despite the progress made in integrating CRDCs into debt instruments, several challenges remain.** These include defining clear triggers, assessing financial impact, ensuring legal enforceability, and achieving market acceptance. To develop a practical and equitable framework for climate resilience in debt financing, continued collaboration among governments, MDBs, and the private sector is essential.

**Debtors and creditors recognize the limitations of debt-freezing mechanisms, and other financial options can help overcome climate-related disasters.** CRDCs, with their pre-conditions of NPV neutrality and constant weighted average life, can only provide temporary relief for debtors. These clauses should be viewed as an additional instrument in the disaster risk toolset, complementing catastrophe bonds, deferred drawdown options (e.g., IDB's CCF and WBG's DDOs, and CAT DDOs), third-party insurance, and guarantees offered by financial institutions. As efforts to combat climate change intensify, combining CRDCs with complementary instruments will be crucial in building a more resilient and sustainable future for all.

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## ANNEX 1: STANDARDIZED CRDC TERMS

| Standardized CRDC terms      |  |  |   |
|------------------------------|--|--|---|
| Debt covered by the deferral | Amortization and interest  |  |   |
| Length of the deferral       | 1-year standard  | 2-year max   |   |
| Repayment modality           | Over a set period  | Pro-rata   | Bullet structured (typically for bonds )  |
|                              | <i>Debt service is capitalized and added over the principal and then repaid over a 3-5-year period</i>   | <i>Payment capitalized and then spread pro rata over the remaining life of the instrument</i>  | <i>Interest added to principal and repaid at maturity</i>   |
| Number of possible deferrals | 1 -3 deferrals   |  |   |
|                              | <i>Subject to negotiation and depending on the length of debt instrument</i>   |  |   |
| Trigger mechanisms           | Timely and reliable  | Independently and reliably verified  | Relevant  |
|                              | <i>The trigger should be activated as quickly as possible in the event of a climate shock or natural disaster, with little need for post-event calculation</i>                               | <i>The design should minimize the risk of manipulation or bias in determining whether a trigger has been met, while remaining cost-effective for identification and verification</i> | <i>Should be country- and hazard-specific, specifying the type of impact it aims to protect against (loss of revenue, loss of life)</i> |
| Mutually agreed              | Acceptable and signed by both parties  |  |   |
|                              | <i>Consideration should be given to whether the trigger is automatic or provides the debtor with an option to defer</i>  |  |   |
| Type of triggers             | “Soft” or proxy  | “Hard” or parametric   |   |
|                              | <i>Such as a declaration of emergency by the sovereign debtor or a declaration by an international body that an event of sufficient severity has occurred, or approval of crisis funding</i> | <i>Based on physical measurements or scientific data regarding the severity of disaster and/or modelled loss*</i>  |   |

\*Investors typically prefer independently verifiable triggers with high reliability (i.e., hard triggers), although declarations by trusted international organizations may also be acceptable for some disasters.

Source: UK – Chaired Private Sector Working Group – CRDC.

## ANNEX 2 : EXAMPLES OF CRDCS

|  | Eligible perimeter  | Inclusion criteria   | Events covered and triggers   | Trigger thresholds   | Treatment terms and conditions  |
|--|---|--|---|--|---|
| <b>UKEF</b>                                      | Low-income countries (LICs), Small Island Developing States (SIDS) and other potential countries  | Direct bilateral loans, Automatic upon request by the country  | <b>Climatic</b> (cyclones, earthquakes, tsunamis, drought, floods), <b>sanitary</b> (epidemics) | UKEF study   | Suspension of principal and interest, amounts capitalized, no additional charges  |
| <b>World Bank (IBRD-IDA)</b>                     | Small States Forum (SSF), Small Island Developing States (SIDS) eligible for IDA/IBRD loans and World Bank-defined small states <sup>16</sup>         | On request   | <b>Climatic</b> (cyclones, hurricanes, earthquakes)   | Automatic according to thresholds or if damage reaches 10% of GDP  | Suspension of principal and interest, fee of 5 basis points (possibly covered by the WB Trust Funds), Must not change weighted average maturity |
| <b>IDB</b>                                       | <b>IDB member</b> countries, with a contingent credit facility in place   | Automatic. Countries can opt out. A country can request these loans already during the disbursement period | <b>Climatic</b> (cyclones, hurricanes, floods).<br>Non-climatic (earthquakes)                   | Customized to each country and aligned with existing contingent credit facility parametric thresholds (and declaration of emergency) | Suspension of principal for 2 years, fee of 5 basis points, must not change weighted average maturity and final maturity                        |
| <b>French Treasury</b>                           | Least developed countries (LDCs) and other potential countries  | Concessional Treasury loans, case by case  | <b>Climatic</b> (cyclones, earthquakes, tsunamis, drought, floods), <b>sanitary</b> (epidemics) | BPI study  | Suspension of principal and interest, amounts capitalized, no additional charges  |
| <b>European Investment Bank (EIB)</b>            | Small Island Developing States (SIDS) and Least developed countries (LDCs)  | New loans only   | <b>Climatic</b> (cyclones, earthquakes, tsunamis, drought, floods)                              | Automatic according to thresholds or if damage reaches 10% of GDP  | Suspension of Principal for 2 years. Fee of up to 5 basis points  |
| <b>EBRD (CRDC instrument under finalization)</b> | Sovereign, sovereign-guaranteed and municipal clients (regions and cities) from lower-middle-income (LMI) countries in the region where EBRD operates | New loans only   | <b>Climatic</b> (floods, droughts), <b>natural disasters</b> (earthquakes)                      | Country declaration of emergency   | Suspension of principal payments for 2 years, fee contemplated  |
| <b>Spain</b>                                     | Low- and lower-middle-income countries  | Direct bilateral loans (commercial and concessional), Automatic upon request by the country                | <b>Climatic, sanitary, and famine</b>   | Spain study  | Suspension of principal and interest, amounts capitalized, no additional charges  |
| <b>Global Affairs Canada</b>                     | Middle Income Countries that are borrowing members of the IBRD, members of OECD-DAC and assessed as credit-worthy                                     | Offered to all, dependent on borrowing countries accepting   | <b>Climatic</b> (natural disaster), <b>sanitary</b> (epidemic or pandemic)                      | Upon request of the borrower country and at the discretion of GoC  | Suspension of principal and interest during the deferral period, amounts capitalized  |

16. <https://thedocs.worldbank.org/en/doc/6857abe91ef32973cfab7f689e9f00fe-0340012023/original/CRDC-Product-note-EN.pdf>

