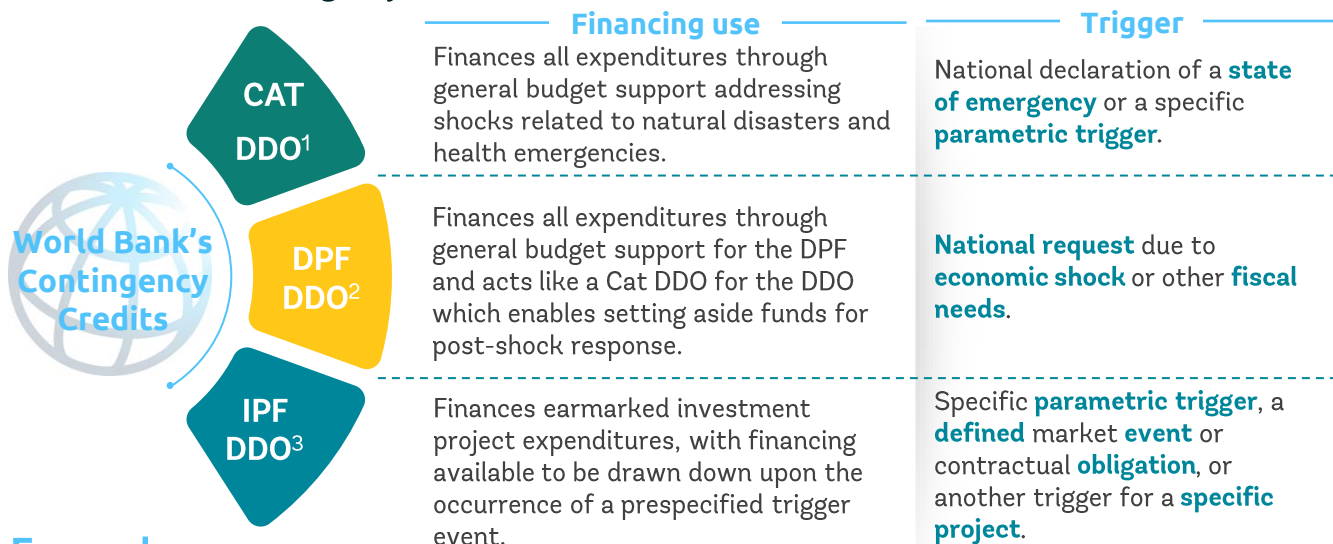


# Contingent Lines of Credit or Grant

## Definition

Contingent credit or grants are measures to enhance resilience to economic crises or natural disasters by prearranging lines of grant or credit before shocks occur at competitive borrowing rates. Conditional lines of credit allow governments to access funding immediately after the disaster to meet emergency needs.



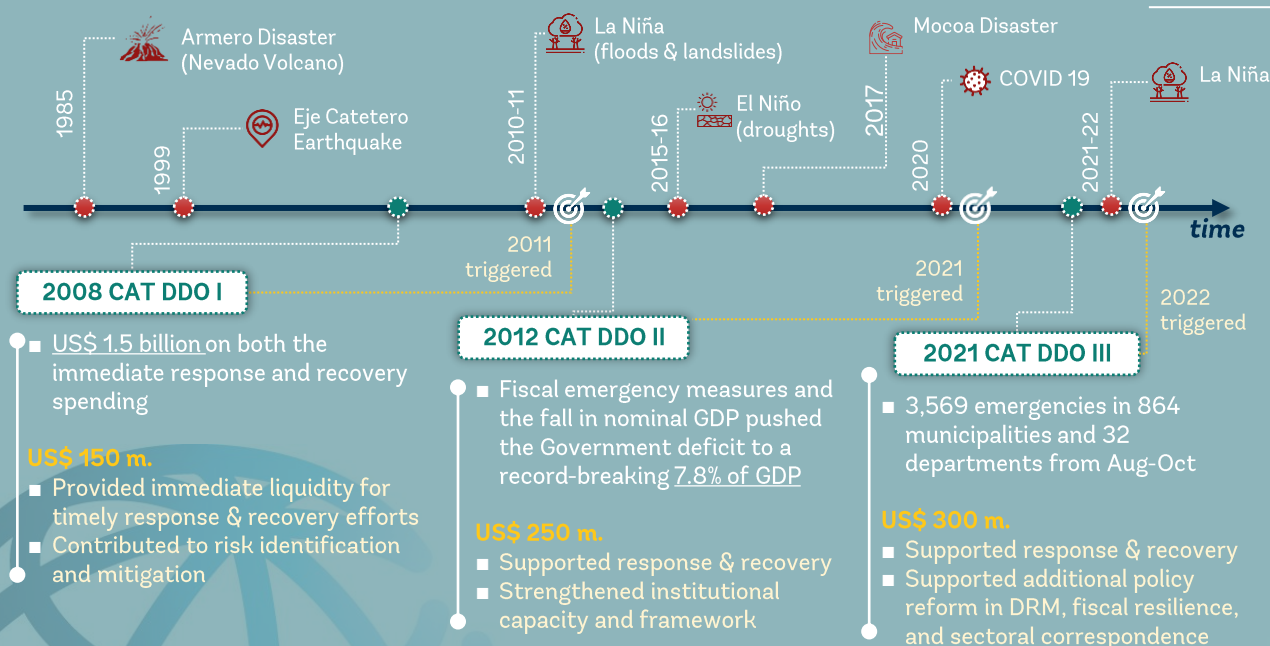
## Example Colombia's CAT DDO



Colombia has one of the highest rates of disasters caused by natural and climate-induced hazards in the Latin America and Caribbean region.

- Disaster and climate risks represent Colombia's largest contingent liability, with an estimated impact of up to 4.4% of GDP
- 84% of its population and 86% of its assets are exposed to two or more natural hazards

SIMPLIFIED



Note: 1) Cat-DDO Development Policy Loan (DPL) with a Catastrophe Deferred Drawdown Option  
 2) DPF-DDO Development Policy Financing (DPF) with a Deferred Drawdown Option  
 3) IPF-DDO Investment Project Financing (IPF) with a Deferred Drawdown Option