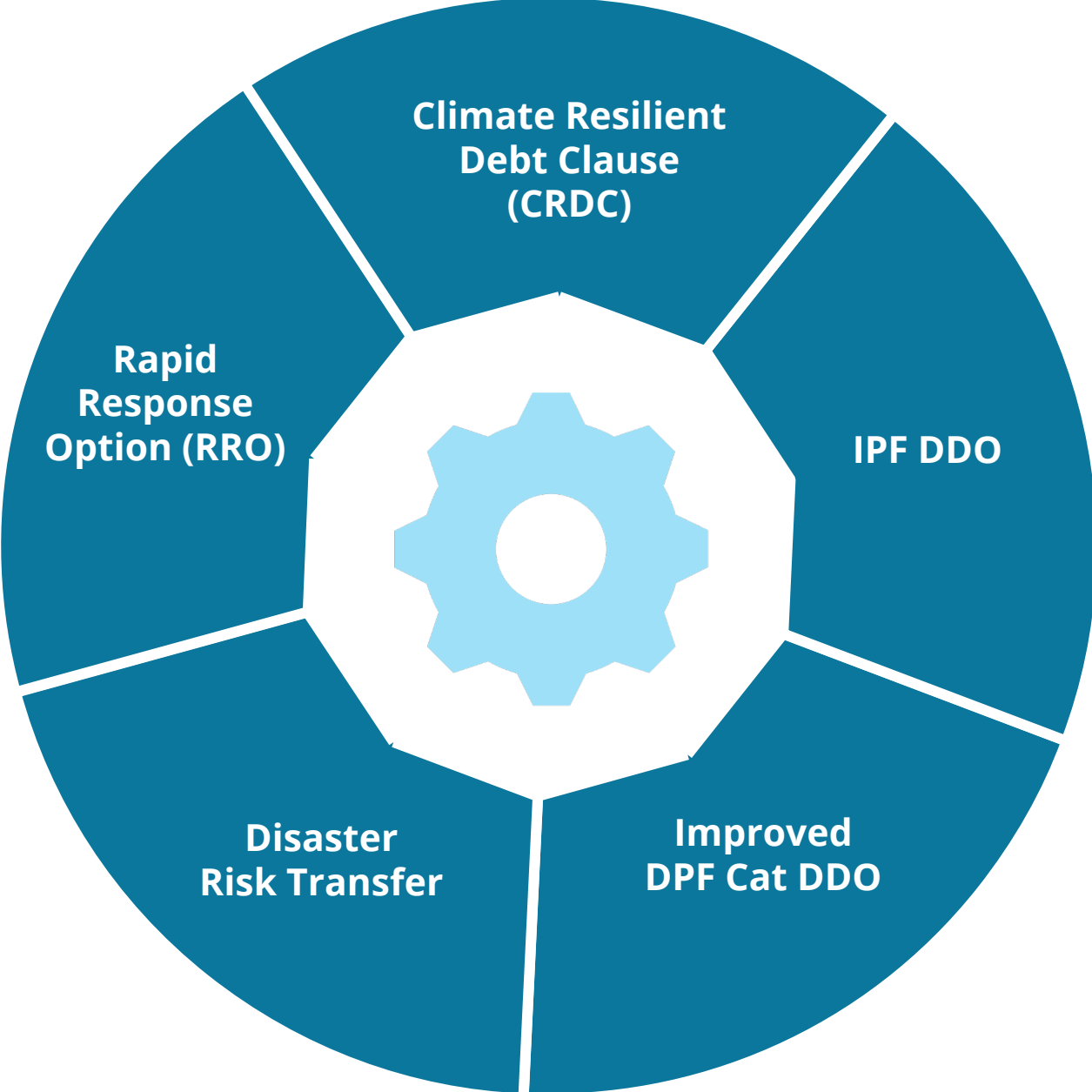


Crisis Preparedness & Response Toolkit



February 2024

Crisis Response Toolkit



Climate Resilient Debt Clause (CRDC)

A “debt pause clause” that provides eligible borrowers the option to defer payments on their new and existing IBRD/IDA loans on meeting pre-determined thresholds when triggered by a natural disaster.

Eligibility

Offered to IBRD- and IDA-eligible *Small States Forum [SSF], Small Island Developing States [SIDS] and WB-defined small states*

Covered Disasters

Limited to tropical cyclones, hurricanes, and earthquakes.



IPF DDO

Investment Project Financing (IPF) with a Deferred Drawdown Option (DDO)

- A **contingent credit line** that provides timely access to funds for a **project or a public institution** to ensure the continuity of operations
- Funds become available for disbursement after the pre-agreed drawdown trigger is met
- Deferred disbursement of an Investment Project Financing up to five years, can be renewed for three more years



Improved Cat DDO

Catastrophe Deferred Drawdown Option (DPF Cat DDO)

What is a Cat DDO?

- World Bank's primary instrument to provide **contingent financing** for immediate liquidity following a natural disaster, and/or health-related event
- Funds become available for disbursement after the **drawdown trigger** – typically the member country's declaration of a state of emergency – is met
- At approval a country must have an adequate macroeconomic policy framework and a satisfactory **disaster risk management program** in place



Enhancement 1: Rapid Response Option (RRO)

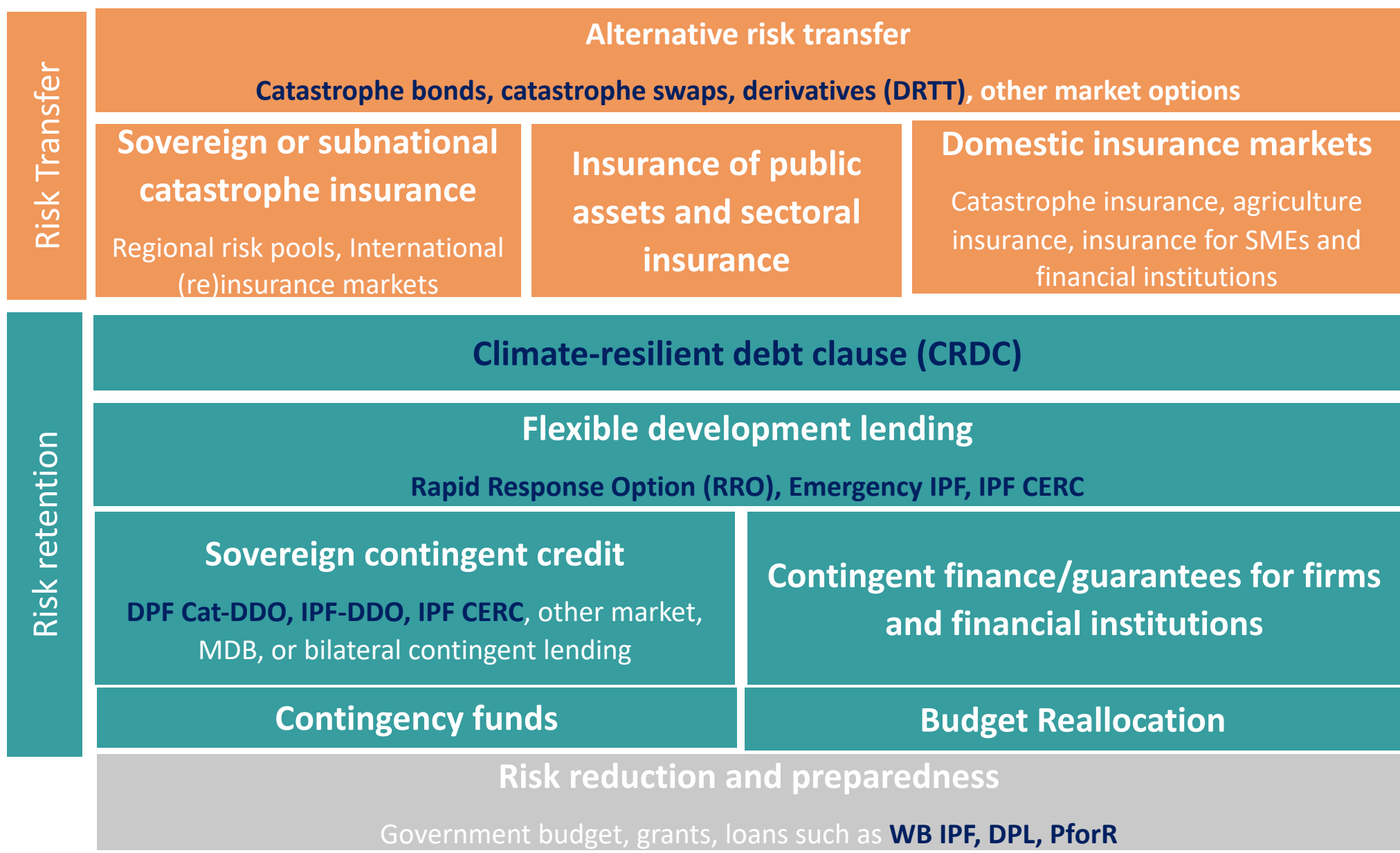
KEY ASPECTS OF RRO

- Repurposing of up to 10% of undisbursed and uncommitted IPF and PforR balances in a portfolio per year for emergency response
- Funds disbursed through an IPF Contingent Emergency Response Project (CERP) or to top up a DPF Cat DDO
- Funds remain with host project financially and legally – but are operationally delinked
- Requires regular strategic country engagement at least every 12 months, including to identify potential source operations
- Preparedness measures are undertaken as part of the IPF CERP or DPF Cat DDO



Analytical, advisory and knowledge tools

Diagnostics, value for money analysis, risk modeling, financial product design, etc.



High intensity/ low frequency



Low intensity / high frequency



Questions

Olivier Mahul, Practice Manager, World Bank CDRF Team:
omahul@worldbank.org