



Report

# The value of debt pause clauses

Estimating the liquidity relief debt pause clauses in bonds could have delivered in recent crises

Tom Hart and Andrea Carvajal

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June 2026

## Key messages

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The London Coalition on Sustainable Sovereign Debt has made proposals for debt pause clauses – contractual provisions allowing borrowers to temporarily defer debt service payments during shocks – that could be included in bonds issued by emerging markets.

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Debt pause clauses can deliver significant, rapid liquidity relief. Analysis of seven middle-income countries that have recently experienced major shocks shows they could have deferred 0.2%–1.7% of GDP in interest payments. This relief is comparable to the amounts of emergency IMF financing these countries received.

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A key condition for triggering pause clauses in bonds is that similar provisions are activated in the rest of a country's non-multilateral debt stock. For many countries, China is the largest bilateral creditor, so Chinese lenders' agreement to defer interest payments will be critical for pause clauses success.

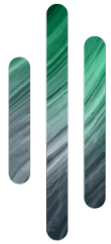
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Pause clauses may be cost-neutral for issuers when paired with enhanced debt transparency.

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## About this publication

This paper was commissioned by the Sustainable Sovereign Debt Hub and produced by ODI Global. It supports the Hub's work to build the evidence base on instruments that can strengthen sovereign debt resilience, including debt service pause clauses. The paper is relevant to ongoing discussions on debt pause clauses and sovereign debt resilience, including those convened through the London Coalition on Sustainable Sovereign Debt.

The Sustainable Sovereign Debt Hub (SDDH) is a convening platform conceived to address the critical sustainability challenges of global sovereign finance. The Hub focuses on embedding sustainability risks and rewards into sovereign debt markets, ensuring that countries' efforts to improve resilience to climate and nature-related challenges are appropriately designed and incentivised. Through this innovative approach and by bringing together key players, the Hub helps build a more resilient, sustainable global economy, with a particular focus on supporting emerging markets and vulnerable nations. NatureFinance serves as the Secretariat of the Hub. For more information, visit [www.ssdh.net](http://www.ssdh.net).

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# Abbreviations

BHWG	Bondholder Working Group of the London Coalition
CRDC	Climate resilient debt clauses
CRED	Centre for Research on the Epidemiology of Disasters
DRS	Debtor Reporting System
DSA	Debt Sustainability Assessment
DSSI	Debt Service Suspension Initiative
EBRD	European Bank for Reconstruction and Development
EIB	European Investment Bank
EMIA	Emerging Markets Investors Alliance
JICA	Japan International Cooperation Agency
GDP	Gross domestic product
GRADE	Global Rapid Post-Disaster Damage Estimation
IDA	International Development Association
IDB	Inter-American Development Bank
IDS	International Debt Statistics
IIF	Institute of International Finance
IMF	International Monetary Fund
LDC	Least Developed Country
NPV	Net present value
SIDS	Small Island Developing States
SPO	Second Party Opinion
SSDH	Sustainable Sovereign Debt Hub
SSDS	Special Data Dissemination Standard
UNDESA	United Nations Department of Economic and Social Affairs
UNGA	United Nations General Assembly

# Executive summary

Debt pause clauses – contractual provisions allowing borrowers to temporarily defer debt service payments during crises – are gaining momentum as a tool for fiscal resilience in vulnerable countries. They have been adopted by several multilateral and bilateral lenders and were endorsed at the Fourth Financing for Development Conference. The London Coalition on Sustainable Sovereign Debt has put forward proposals for how such pause clauses could be included in bonds issued by emerging markets.

This paper assesses the potential value of broad pause clauses by estimating the liquidity relief that seven middle income countries (Bolivia, the Dominican Republic, Jamaica, Pakistan, the Philippines, Sri Lanka and Zambia) would have received had such clauses been embedded across their bond stock at the time of recent major shocks. All seven experienced natural disasters affecting at least 5% of their population between 2022 and 2025, and all would have met the proposed trigger conditions of either a declaration of national emergency or a request to the International Monetary Fund (IMF) for emergency financing.

Pause clauses could have provided significant liquidity relief ranging from 0.2% to 1.7% of gross domestic product (GDP), or between 0.8% and 9.4% of government revenues. Countries most reliant on bond financing (the Dominican Republic and Jamaica) would have benefited most. For Jamaica, Sri Lanka and Zambia, estimated bond interest deferral would have exceeded or closely matched the additional IMF financing they received after the shock.

A key feature of the proposed pause clauses is a ‘trigger synchronisation requirement’, which requires that at least 60% of non-multilateral debt service is subject to a similar interest deferral. For countries where this borrowing is largely concentrated in bonds, this requirement is met by incorporating pause clauses throughout their bond stock. For countries with a more diverse borrowing portfolio, it will require comparable relief from other bilateral creditors.<sup>1</sup> China’s role as the largest bilateral creditor means that for many countries, participation of Chinese lenders would be essential for bond pause clauses to be triggered. Chinese creditors’ participation in the Covid-19-era Debt Service Suspension Initiative (DSSI) suggests this may be feasible.

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<sup>1</sup> The trigger synchronisation requirement does not require that identical pause clauses are activated in all lending, but rather that ‘provisions similar to a debt pause’ are activated

Four issues warrant attention. First, eligibility for pause clauses across bilateral and multilateral lenders often excludes lower-middle-income countries that are not Small Island Developing States (SIDS). Should these countries be able to include pause clauses in their bonds while being deemed ineligible for pause clauses in other multilateral and bilateral lending? Secondly, pause clauses need to be considered alongside other pre-arranged financing instruments, since multiple tools are needed to respond to disasters and shocks. This raises the question of whether the trigger for bond pause clauses should be extended from just a request for IMF emergency financing to other sources, such as the Contingent Credit Facility offered by the Inter-American Development Bank (IDB) or the Crisis Response Window of the International Development Association (IDA). Third, as pause clauses can typically only be triggered once during the lifetime of a bond, countries vulnerable to repeated shocks could face difficult decisions about when to deploy them. Fourth, there may be perceptions that including pause clauses will increase the cost of borrowing. However, this did not arise with Barbados's 2025 issuance, and the London Coalition proposals include provisions to increase debt transparency, which are explicitly intended to offset any perceived cost of pause clauses, and may even reduce borrowing costs.

# 1 Introduction

Debt pause clauses – contractual provisions that allow for the postponement of debt service payments during crises – are increasingly promoted as a way to enhance the fiscal resilience of countries that are vulnerable to external shocks. They have been endorsed in the Sevilla Commitment following the Fourth Financing for Development Conference (UNGA, 2025) by the UN Secretary-General’s Expert Group on Debt (UN Secretary-General, 2025).

Pause clauses aim to free up borrowers’ liquidity when they experience major exogenous shocks, helping to prevent temporary liquidity challenges from escalating into debt crises that can eventually prove costly for both borrowers and creditors. They provide a one to two year pause in the debt service payments, with the paused payments added to the principal to be repaid. Grenada in 2015 and Barbados in 2019 pioneered climate resilient debt clauses (CRDCs) in their bond exchanges during their debt restructuring. These have since been adopted by a number of official bilateral and multilateral lenders, including the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), IDB, the Japan International Cooperation Agency (JICA), UK Export Finance and the World Bank. These clauses were originally focused on climate-related events, but have since been expanded to global health shocks, and so there is now some variation in the triggers and the type of events or shocks to which the existing clauses apply. However, apart from Barbados in 2022 (Mustapha, Talbot and Gascoigne, 2023) and 2025 (IMF, 2025a), there has not been any further primary market issuance of bonds with these clauses.

The Debt Pause Clause Alliance<sup>2</sup> was launched at the Fourth Financing for Development Conference, with the aim of encouraging the uptake of pause clauses and the standardisation of their terms (UNDESA, n.d.). In line with these efforts, the London Coalition on Sustainable Sovereign Debt<sup>3</sup> is developing proposals for standard ‘pause clauses’ (The London Coalition, 2026a) which could be incorporated into bond issuances.

This paper seeks to illustrate the benefits and potential limitations of broad pause clauses if widely adopted into an emerging or

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<sup>2</sup> The Debt Pause Clause Alliance is led by Barbados; Canada; France; Spain; the United Kingdom; the African Development Bank Group; the Asian Development Bank; the Development Bank of Latin America and the Caribbean; EIB; and IDB. It was endorsed by Angola; Australia; Brazil; Colombia; Norway; Switzerland; the V20; the Asian Infrastructure Investment Bank; EBRD; the Council of Europe Development Bank; the World Bank; and Deutsche Bank.

<sup>3</sup> For more detail, see SSDH (2026).

developing economy bonded debt stock by estimating the liquidity relief an issuer would have obtained in past crises had they incorporated pause clauses into their bond stock.

Section 2 lays out the selection of seven country case studies hit by shocks between 2022 and 2025, and discusses the data and methodology used to estimate liquidity relief had pause clauses been in place at the time of the shock. The case studies are selected based on being low-income or lower-middle-income countries or SIDS that experienced a natural disaster affecting over 5% of the population between 2024 and 2025.

Section 3 provides background to the case study countries, demonstrating how the pause clause triggers could have been met, and estimates the liquidity relief that countries would have received if pause clauses had been incorporated into their bond stock. The analysis shows that in order to achieve meaningful liquidity relief and meet the synchronisation requirements (of at least 60% of debt subject to a similar treatment), for some countries it will be enough to ensure pause clauses are included in their entire stock of bonds (for countries that largely borrow from bond markets). Countries with a more diverse set of creditors will also need to agree an equivalent pause in debt service payments with other creditors, notably Chinese creditors, as the largest bilateral creditor. The liquidity relief provided by pause clauses ranges from 0.2% to 1.7% of GDP.

Section 4 discusses issues and implications raised by the analysis. It raises two issues for the design of pause clauses. First, it examines the lack of coherence of pause clauses across all creditors given the different eligibility and trigger requirements. Second, it presents implications for the design of pause clauses given the need to consider them as one instrument within a broader range of financing tools to deal with shocks.

It then discusses some of the challenges countries will face when considering whether to introduce pause clauses. First, deciding when to trigger pause clauses is an acute challenge for countries experiencing multiple shocks, since they can typically only be triggered once during the lifetime of a loan or bond. Second, there may be a perceived cost to including pause clauses in bond issuances. However, this did not arise with Barbados's 2025 issuance, and the London Coalition proposals also include provisions to increase debt transparency, which are explicitly intended to offset any perceived cost of pause clauses. Given the substantial evidence for a positive pricing effect of transparency, there is a plausible case that the total package of proposals may reduce borrowing costs over time.

## 2 Background and methodology

Debt pause clauses are increasingly recognised as a mechanism for fiscal resilience in vulnerable nations. This section first provides more background on the evolution of pause clauses and their trigger requirements. It then discusses the selection of case studies of emerging market countries that experienced a significant natural disaster. Finally, it explains how the estimate was reached of the potential liquidity relief available had these countries had debt pause clauses included in their bonds.

### 2.1 Debt Service Suspension Initiative

In 2020, amid the massive economic disruption of the Covid-19 shutdown, the G20 introduced the Debt Service Suspension Initiative. This allowed 73 IDA-eligible and Least Developed Countries (LDCs) to suspend their debt payments to official bilateral creditors between May 2020 and December 2021. The World Bank estimates that it allowed 48 countries to suspend \$12.9 billion of debt service payments.

While the DSSI was successful in incorporating Chinese lenders, which are estimated to have provided nearly two-thirds of the debt interest suspension (Brautigam and Huang, 2023), private creditors did not participate. The lack of a process for including private creditors in the DSSI has led to a variety of proposals being put forward for how a debt pause could be included in bond contracts, through so-called 'contingent convertible' or 'bendy bonds' (Ross and Ulukan, 2020; Heller and Virketis, 2022). However, these proposals have not yet been taken up by sovereign issuers.

### 2.2 From CRDCs to pause clauses

A specific form of pause clauses, climate resilient debt clauses have increasingly been adopted in both bilateral and multilateral lending (Centre for Disaster Protection, 2026) but have thus far seen little take-up in bond issuances. Pause clauses in bonds were triggered for the first time in 2024 by Grenada and in World Bank loans by Saint Vincent and the Grenadines after the two countries were hit by Hurricane Beryl.

The IDB reports that as of end 2025, seven countries have included pause clauses in their IDB lending (Bahamas, Barbados, Belize,

Ecuador, El Salvador and Panama), which can be triggered by a range of natural disasters.

As CRDCs have extended beyond their original use for hurricanes to include earthquakes, flooding and public health emergencies, it has become challenging to identify suitable triggers, since data is more limited and standards are still being defined (Cravero, González Esquinca and Peres, 2025). The complexity of including multiple triggers has led to the development of proposals for broader triggers that could cover a range of shocks.

The proposals put forward for consultation by the Bondholder Working Group (BHWG) of the London Coalition for broader pause clauses have the following features (The London Coalition, 2026a):

- ‘Broad triggers’ for deferral, rather than event-specific triggers e.g. for a hurricane, earthquake, flood, drought or pandemic.
- Trigger activation by the government either through a declaration of a national emergency, an application to the IMF for emergency financing, or the submission of a World Bank Global Rapid Post-Disaster Damage Estimation (GRADE) report showing greater than 15% of GDP damage.
- An investor declination option to provide creditor protection and prevent misuse of the clause in an opportunistic or unjustified manner. This allows bondholders to reject the request for a pause in interest payments. With broader and less restrictive triggers, this provides a guardrail to ensure the triggering of the pause clause is justified. Such a feature is also included in Barbados’ 2025 bond issuance, which included CRDCs. Many official pause clauses also require approval by the lender.
- A requirement that at least 60% of the existing external debt service<sup>4</sup> of the country is subject to a similar pause in interest payments (a trigger synchronisation requirement) to provide assurance to the creditors that a debt pause request will provide sufficient liquidity relief and fiscal space to support the country’s economic recovery.
- If a World Bank GRADE report shows severe damage of at least 15% of GDP and the issuer shows the other requirements to trigger the pause clause have been met, the pause clause can be triggered automatically to allow for swift liquidity relief (i.e. the investor declination option does not apply).

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<sup>4</sup> Defined as being debt service due to commercial creditors and non-concessional official sector lenders, excluding official multilateral creditors such as the IMF, the World Bank and similar multilateral development banks.

- Additional debt transparency requirements<sup>5</sup> for bond issuers across their whole external debt stock to provide credible assurance that the 60% threshold is likely to be met, and in general to support improved risk assessment and pricing, reduce borrower costs and protect against ‘hidden debt’ shocks.

### 2.3 Selection of case studies

The BHWG’s proposal focuses on low- and lower-middle-income countries and SIDS, which are most vulnerable to exogenous shocks. To estimate the liquidity relief countries could have obtained from pause clauses, we took the following approach to selecting seven countries for case studies.

We started with the 76 countries classified in 2026 as low-income or lower-middle-income by the World Bank: 26 low-income countries and 50 lower-middle-income countries. To this total we added a further 16 upper-middle-income SIDS, giving a total of 92 potential countries. This is thus a slightly wider group of countries than the group to which the G20 DSSI applied (73 low- and lower-middle-income countries eligible for IDA or classified as LDCs by the United Nations). However, it is in line with many existing CRDCs which are available to SIDS, as discussed below.

To select case studies from this group we examined recent debt service data from the World Bank’s International Debt Statistics. Of the 92 countries, 48 reported paying interest on bonds in at least one year between 2022 and 2024. We limited the analysis to years after 2022, after the DSSI expiration (for the full list, see appendix 3).

We then systematically identified shocks from 2022 onwards. Using EM-DAT, the International Disaster Database (CRED, 2026), we identified disasters where more than 5% of the population were affected, and where the database records a natural disaster as having been declared. Data is extremely incomplete for monetary impact variables such as total damage or reconstruction costs, so we were unable to use this as a factor. This calculation resulted in 11 cases across 10 countries.

Additionally, we examined applications for emergency financing from the IMF, defined as use of the Rapid Financing Instrument or Rapid Credit Facility (for countries eligible for concessional financing from the Poverty Reduction and Growth Trust). The only country to have applied to the IMF for such emergency financing between 2022 and 2025 is Sri Lanka in December 2025 following Cyclone Ditwah, which was selected as an additional case study.<sup>6</sup> This resulted in 12 cases across 11 countries, as seen in Table 1, of which seven case studies were selected, shown in bold.

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<sup>5</sup> Including improved investor relations, meeting IMF and World Bank reporting and data standards, and semi-annual publication of detailed debt information.

<sup>6</sup> Jamaica accessed emergency financial support from the IMF following Hurricane Melissa in January 2026.

We excluded Belize, Congo, Grenada and Saint Vincent and the Grenadines, as well as Bolivia’s drought in 2023. We did not select Bolivia’s 2023 drought because its 2025 floods affected 24% of the population, compared to 15% in the 2023 drought.

Belize and Congo were not selected due to their complex debt situations, which were beyond the scope of our analytical framing. In its 2021 debt-for-nature swap, Belize exchanged its single ‘superbond’ for United States Development Finance Corporation-insured blue bonds (Owen, 2022). Congo’s external commercial borrowing is predominantly in the form of loans rather than bonds. In 2021 it completed a restructuring of external loans that was complicated by collateral features and in 2024 the IMF assessed it as being in debt distress due to recurrent accumulation of temporary arrears (IMF, 2024).

**Table 1 Case study selection**

Disaster type	Country
Drought	Bolivia (2023) <b>Zambia (2024)</b>
Flood	<b>Bolivia (2025)</b> Congo (2023) <b>Pakistan (2022)</b>
Storm	Belize (2022) – Hurricane Lisa <b>Dominican Republic (2022) – Hurricane Fiona</b> Grenada (2024) – Hurricane Beryl <b>Jamaica (2025) – Hurricane Melissa</b> <b>Philippines (2025) – Typhoon Kalmaegi (Tino)</b> Saint Vincent and the Grenadines (2024) – Hurricane Beryl <b>Sri Lanka (2025) – Cyclone Ditwah</b>

Grenada was not selected as a case study because it triggered the CRDCs in its bonds in response to Hurricane Beryl. It paused interest payments of \$12.5 million to bondholders due on 12 November 2024 and 12 May 2025 (Mustapha, 2025). A similar rationale applies to Saint Vincent and the Grenadines.

## 2.4 Estimating liquidity relief from pause clauses

The next section provides our estimates of the liquidity relief from deferred bond interest payments that each case study country would have received if pause clauses had been in place across its entire stock of bonds.

To estimate this, we use the data from the World Bank International Debt Statistics (IDS) on interest payments on public and publicly

guaranteed<sup>7</sup> bonds. The data contains actual amount of debt services up to 2024 and projected values for the years 2025 and 2026 based on existing commitments.

As set out above, the London Coalition proposal includes a 'synchronisation trigger', requiring that at least 60% of debt service is deferred. This ensures that there is collective deferral of interest across debt, avoiding perceptions of unequal burden-sharing across different creditors. The trigger excludes multilateral debt from the calculation of the synchronisation trigger, on the basis that this debt would have preferred creditor status and so similarly would not participate in restructurings, and because these institutions would usually provide additional financing in emergencies that is akin to liquidity relief. For official bilateral debt, where we do not have comprehensive information on the existing implementation of pause clauses, we proxy this by membership or endorsement of the Debt Pause Clause Alliance: Canada, France, Spain and the United Kingdom are members and Australia, Brazil, Norway and Switzerland are endorsers.

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<sup>7</sup> Note that this is a wider definition than 'general government' or 'public sector', which includes general government, central bank and other public sector entities.

## 3 Estimated liquidity relief from pause clauses

This section presents estimates of the liquidity relief countries would have received had pause clauses been in place on the whole stock of their bonds when a crisis hit.

The country cases cover a diverse set of countries, with populations ranging from 2.8 million in Jamaica to over 250 million in Pakistan. Two countries are upper-middle-income (Dominican Republic and Jamaica) and the remainder are lower-middle-income. Fiscal capacity varies dramatically, with three countries showing low revenue bases under 20% of GDP (Dominican Republic, Pakistan and Sri Lanka). Debt stocks are high in Sri Lanka and Zambia reflecting their recent defaults. With the exception of Bolivia, debt stocks are much lower in the remaining countries.

**Table 2 Country context**

Country	Population (millions), 2025	GDP per capita (USD), 2025	Debt/GDP, 2025	Revenues/GDP, 2025
Bolivia	12.6	5,107	85%	21%
Dominican Republic	10.9	11,749	59%	16%
Jamaica	2.8	8,106	68%	30%
Pakistan	240.5	1,696	73%	16%
Philippines	114.1	4,270	59%	20%
Sri Lanka	21.9*	4,516*	101%*	14%*
Zambia	21.9	1,318	86%	26%

Source IMF (2026b).

Note: \* indicates 2024 figures are used as 2025 figures are not available.

### 3.1 Triggering pause clauses

As set out above, under the proposals put forward by the London Coalition, countries could seek to trigger pause clauses by declaring a national emergency, applying to IMF emergency financing or submitting a formal pause request and demonstrating similar treatment of 60% of other external creditors.

In our case studies these triggers would have been met by a declaration of a national emergency by Bolivia (2025), Dominican Republic (2022), Jamaica (2025), Pakistan (2022), the Philippines (2025), Sri Lanka (2025) and Zambia (2024). Sri Lanka (2025) would also have qualified through an application to the IMF for emergency financing.

**Table 3 Detail of crises in country case studies**

Country	Disaster type	Year	Total affected	As % population
Bolivia	Flood	2025	2,965,115	24%
Dominican Republic	Storm	2022	1,434,802	13%
Jamaica	Storm	2025	1,900,340	67%
Pakistan	Flood	2022	33,012,865	14%
Philippines	Storm	2025	25,602,243	22%
Sri Lanka	Storm	2025	1,702,737	8%
Zambia	Drought	2024	9,800,000	46%

Source: Authors' calculation using CRED (2026) and World Bank (2026).

In addition, the London Coalition proposals stipulate that investors would not be able to utilise the declination option when a World Bank Global Rapid Post-Disaster Damage Estimation (GRADE) report shows greater than 15% of GDP damage.<sup>8</sup> GRADE reports were prepared for four out of seven of our case studies (Table 4). However, only in Jamaica's case did the GRADE report damage rise above 15% of GDP.

**Table 4 GRADE assessments of damage**

Country	Disaster type	Year	GRADE estimate of damage (% of GDP)
Dominican Republic	2022	Hurricane	0.3
Jamaica	2025	Hurricane	41.0
Pakistan	2022	Floods	4.2
Sri Lanka	2025	Typhoon	4.0

Source: World Bank (2025a), World Bank (2025c), World Bank (2025d).

### 3.2 The trigger synchronisation requirement

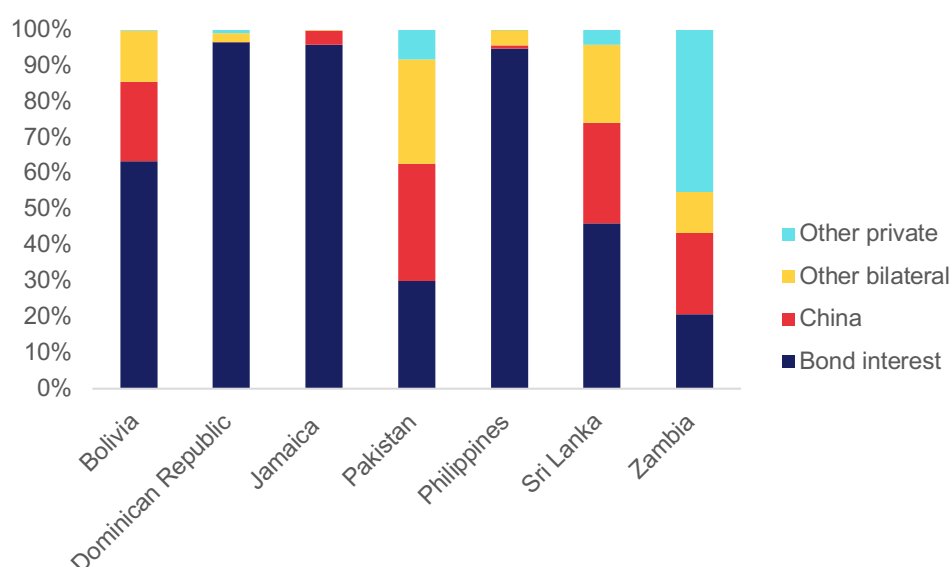
To successfully trigger pause clauses, at least 60% of debt service must be subject to a similar treatment (a trigger synchronisation requirement) to provide assurance that a debt pause request will supply sufficient fiscal space to support economic recovery.

<sup>8</sup> The Global Rapid Post-Disaster Damage Estimation approach is a remote, desk-based methodology to assess post-disaster damages to housing, non-residential buildings, infrastructure and agriculture. It takes an average of just 2.6 weeks after a disaster to complete. Between the first implementation in 2015 and 2024, the GRADE methodology has been used on 66 occasions in response to 62 disasters or events in 54 countries. See World Bank (2025a).

This requirement is only applied to non-multilateral debt (i.e. debt that is usually accorded preferred creditor treatment and not included in a restructuring). To date, pause clauses have largely been taken up by multilaterals and traditional official bilateral creditors. However, multilateral debt is not included in the calculation of the trigger, and the composition of debt in our case studies shows that the presence of pause clauses for traditional official bilateral creditors is not particularly relevant. The partial exception to this is Bolivia, where France is a significant creditor.

Three countries (Dominican Republic, Jamaica and the Philippines) borrow predominantly from bonds, and so if pause clauses were integrated into their entire bond stock, the trigger synchronisation requirement would be easily met, as shown in Figure 1.

**Figure 1 Composition of estimated interest payments in year of shock**



Source: Authors’ calculations based on World Bank (2025b).

Note: Data for Zambia is for 2025, the year after the declaration of emergency due to the drought. Data for 2025 onwards is projected, rather than actual interest payments.

In Bolivia, bond interest is just over the threshold, and this could be strengthened by agreeing a debt pause with its largest bilateral creditors, China and France. Similarly, in Sri Lanka the synchronisation threshold could be met by agreement with either of the largest bilateral creditors, China and India.

In Pakistan and Zambia, Chinese creditors make up such a large proportion of debt service that the synchronisation requirement can only be met by agreeing a debt pause with them. In Zambia, interest payments to Chinese creditors are split between payments to China Eximbank, which is classified as an official bilateral lender, and other Chinese banks, which are classified under commercial creditors and

make up three-quarters of the ‘Other private’ category shown in Figure 1.<sup>9</sup>

The trigger synchronisation requirement does not require that identical pause clauses are activated in all lending, but rather that ‘provisions similar to a debt pause’ are activated. This is relevant to the largest bilateral creditor, China. Pause clauses have not been adopted by either of China’s largest lenders, China Eximbank or China Development Bank. However, rescheduling of Chinese loans is fairly common (Acker, Brautigam and Huang, 2020) and Chinese lenders (primarily Eximbank) participated in the DSSI, contributing 63% of the debt service suspensions under the initiative (Brautigam and Huang, 2023).

On this basis, we assume for the purpose of the synchronisation requirements that governments would be able to negotiate a pause with Chinese bilateral creditors. The fact that there would be a pause in both commercial and Chinese debt should be attractive to Chinese lenders, since Chinese policymakers were concerned that China was being taken advantage of during the DSSI, because neither commercial nor multilateral creditors participated (Brautigam, 2023).

Returning to existing pause clauses, it is worth noting that there is significant variation in country and event eligibility, as well as in the triggers used to suspend debt service in existing pause clauses implemented by multilateral and bilateral creditors (see also details in Appendix 2). In terms of country eligibility, while UK Export Finance grants wide eligibility, essentially covering all countries eligible for the DSSI, France is currently piloting CRDCs with just 26 LDCs and SIDS (although with plans to widen this) and JICA is piloting with a group of 16 countries largely made up of Pacific SIDS. Similarly, while the World Bank only offers CRDCs to 45 small states, IDB offers them to all its member countries, as long as a prior Contingent Credit Facility for Natural Disaster and Public Health Emergencies is in place.

There are also differences in how the debt repayment pause is triggered. Both UK Export Finance and the World Bank rely on qualitative judgement, with the borrower submitting a request to the lender for suspension of debt service (after declaration of a national emergency in the World Bank’s case). IDB and JICA both use parametric triggers, with the pause automatically activated if the natural disaster exceeds pre-defined thresholds.<sup>10</sup>

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<sup>9</sup> See Brautigam (2021) for a detailed description of Zambia’s Chinese debt.

<sup>10</sup> For example, in JICA’s case, the triggers are tropical cyclones with a maximum sustained wind speed of above 178 km/hour (1-minute average) or 119 km/hour (10-minute average), or earthquakes above magnitude 7.0 (Ministry of Finance, Japan, 2024). For IDB, the eligible events and the parametric triggers for suspending debt repayment are defined by the prior Contingent Credit Facility.

### 3.3 Liquidity relief from pause clauses

The liquidity relief that pause clauses would provide in the year of the disaster is shown in Table 5.<sup>11</sup> All countries would receive significant amounts of liquidity relief, with nominal amounts varying between \$109 million and \$1.6 billion, and between 0.2% and 1.7% of GDP.

Unsurprisingly, these variations closely parallel the composition of debt interest payment. The two countries with the highest proportion of bond service payment, the Dominican Republic and Jamaica, receive the largest amount of liquidity relief at 1.4% and 1.7% of GDP.

**Table 5 Liquidity relief from pause clauses**

Country	Year of disaster	Bond debt service in year of disaster (USD)	Bond debt service as % of revenues	Bond debt service as % of GDP
Bolivia	2025	108,750,000	0.8%	0.2%
Dominican Republic	2022	1,633,378,797	9.4%	1.4%
Jamaica	2025	371,883,107	5.5%	1.7%
Pakistan	2022	636,952,000	1.4%	0.2%
Philippines	2025	1,554,271,445	1.6%	0.3%
Sri Lanka	2025	350,855,000	2.6%*	0.4%*
Zambia	2024	127,384,000	2.2%	0.5%

Source: Authors' calculations using bond debt service from World Bank (2025b) and government revenues and GDP from IMF (2026b).

Note: \* indicates 2024 figures are used as 2025 figures are not available for revenues and GDP.

Bolivia, Pakistan and the Philippines all receive relief corresponding to 0.2 to 0.3% of GDP and 0.8% to 1.6% of revenues.

For the four countries with GRADE reports, we can also compare the liquidity relief from deferred debt interest to estimates of the direct economic damages to physical assets. In the Dominican Republic, debt service deferral at 1.4% of GDP is over four times as large as the estimated economic damage of 0.3% of GDP. In the other three countries, the debt service deferral equates to 4% of estimated economic damage in Jamaica, 5% in Pakistan and 10% in Sri Lanka.

Sri Lanka and Zambia both completed restructuring during 2024, which involved exchanging their entire defaulted bond stock for new bonds. This provided an opportunity for them to insert pause clauses into their entire bond stock. However, neither country chose to do this, potentially because it would already complicate a difficult restructuring process. Zambia's restructuring was drawn out over four years and involved the official creditors vetoing the first bondholder

<sup>11</sup> Full details of the debt interest profiles of the case study countries are shown in Appendix 1.

restructuring proposal on comparability of treatment grounds, for the first time ever. Sri Lanka's restructured bonds had a notably complex structure, with multiple state-contingent upsides and downsides and inclusion of a governance-linked bond, where coupon payments are reduced if Sri Lanka meets certain governance performance indicators.

However, given that in Sri Lanka a group of economists called for suspension of external debt payments in response to the shock of Cyclone Ditwah (Stewart, 2025), it is instructive to compare the additional support Sri Lanka received from the IMF to respond to the crisis as compared to the relief they could have received from pause clauses. Sri Lanka received \$206 million in emergency financial support from the IMF through the Rapid Financing Instrument in December 2025 (IMF, 2025b). This compares to an estimated \$335 million of bond interest due in 2026, demonstrating that pause clauses could have provided significant additional fiscal space to respond. Similarly, Jamaica received \$415 million in emergency financing from the IMF in January 2026 (IMF, 2026), as compared to the \$372 million in estimated bond interest deferral.

In June 2024, Zambia's existing IMF programme was increased by \$386 million to support efforts to address the drought. Half of this was used for budget support, and the other half for boosting international reserves (IMF, 2024). The bond interest due of \$127 million is around two-thirds of the additional \$193 million support from the IMF that was available for additional spending.

## 4 Discussion

Having presented estimates of potential liquidity relief from pause clauses, we now discuss four issues stemming from counter-factual analysis presented in this paper.

The first two issues relate to the design of pause clauses: are they coherent across all creditors, given the different eligibility and trigger requirements? Second, what are the implications for the design of pause clauses given the fact that these clauses must be considered as just one instrument within a broader range of financing tools to deal with shocks?

Then, we discuss two issues related to the challenges countries will face when considering whether to introduce pause clauses. When countries face multiple shocks, when should they decide to trigger pause clauses, given that this can only be done once in the lifetime of the financial instrument? And finally, how should countries weight the potential additional costs of the bonds containing pause clauses against their potential benefits, and how could greater debt transparency offset this?

### 4.1 Coherence of pause clause eligibility across creditors

Multilateral and bilateral lenders typically target eligibility for pause clauses on poorer or more vulnerable countries. Targeting vulnerable countries is most common, with SIDS status used by a number of countries and multilateral organisations (France, the United Kingdom, EIB, JICA and the World Bank). Less common is the use of the Least Development Countries categorisation (by France), eligibility for concessional financing from the World Bank's IDA or IMF's Poverty Reduction and Growth Trust (United Kingdom) or lower-middle-income status (EBRD).

The proportion of bonded debt in a country's debt stock, however, typically rises with income. For example, at end 2023 the proportion of debt owed to bondholders is only 10% for the IMF's definition of low-income countries, but is 48% for emerging markets.

The result is that there is a significant set of lower-middle-income countries that are not small states or LDCs and that have significant stocks of bilateral and multilateral debt as well as bonds, which may only have the option of integrating pause clauses into their bonds, but not into their bilateral or official lending. There are 16 lower-middle-income countries that are neither SIDS nor LDCs but report bond

interest, including Bolivia, Ghana, Côte d’Ivoire, Kenya, Pakistan, Philippines and Sri Lanka.

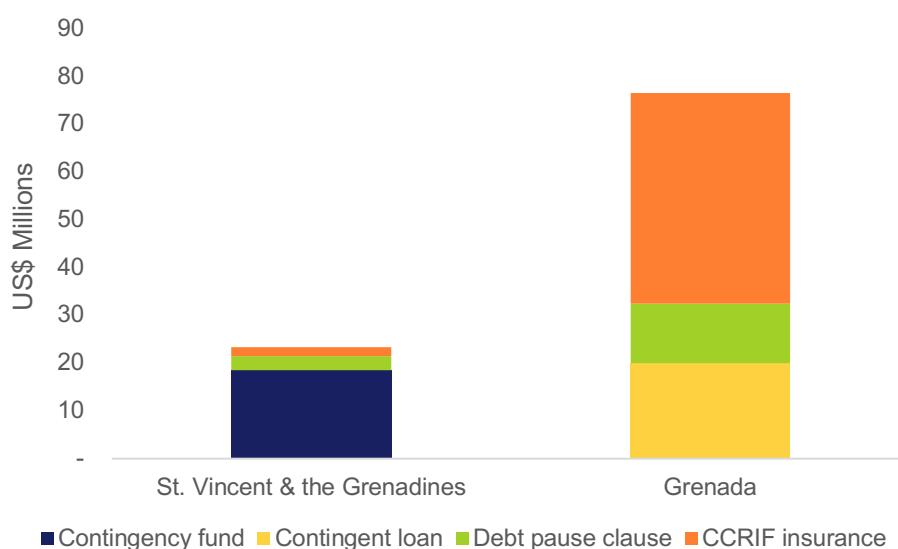
In 2025, 73% of Bolivia’s debt service burden was to multilaterals, but at present we can only confirm that it would be eligible for pause clauses from IDB (30% of interest payments), based on a parametric trigger. In the Philippines nearly 50% of 2025 interest was due to multilaterals and in Sri Lanka 40%. In both countries nearly all interest is due to the Asian Development Bank and World Bank, where neither country is eligible for pause clauses.

To better assess how pause clauses are working as a system for countries, greater clarity is needed on the key eligibility and terms for pause clauses (Mustapha, 2025) and the policy rationale behind this. Is it desirable that lower-middle-income countries that are not SIDS should have the opportunity to insert pause clauses into their bonds, but not into their official borrowing?

#### 4.2 Multiple tools are needed for disaster and shock financing

While pause clauses can provide significant liquidity relief when triggered, the experience of Grenada and Saint Vincent and the Grenadines highlights that debt pause clauses are just one tool in the pre-arranged financing toolkit for responding to external shocks – and they may not be the largest tool. Debt pause clauses made up only a small proportion of the pre-arranged financing to support the recovery following Hurricane Beryl in 2024, as shown in Figure 2.

**Figure 2 Payouts from pre-arranged financing instruments in response to Hurricane Beryl**



Source: Mustapha (2025).

Note: CCRIF refers to the Caribbean Catastrophe Risk Insurance Facility.

Within the field of disaster risk financing, the need for multiple sources of pre-arranged financing is often referred to as risk layering, based on the principle that no single financial instrument can provide suitable and affordable financial protection against all possible risks (i.e. events of different frequency and intensity, resulting from different types of hazards). This is ultimately not just a purely technical exercise, but a 'politically mediated process of matching scarce resources to uncertain shocks' (Patel and Eleftheriades, 2026).

This is the context in which the question of eligibility for pause clauses in official lending raised in the previous section needs to be examined. Multilateral lenders are excluded from the proposed bond pause clause synchronisation trigger partly on the basis that they would be expected to provide additional financing in emergencies, akin to liquidity relief. For example, the World Bank has significantly expanded its crisis financing toolkit, which, unlike pause clauses, is available to all its members, and uptake of these instruments is increasing. Similar trends are also seen in other multilateral development banks (Plichta, Scott and Nalaria, 2025). The eligibility, cost and triggers of debt pause clauses thus needs to be examined within this broader pre-arranged financing landscape to analyse how they contribute to enabling countries to build an effective financial response to shocks.

The need for multiple tools during a shock is also made explicit in IDB's pause clauses, in which eligibility is tied to agreement of a prior Contingent Credit Facility – a loan that is triggered by predefined and measurable parametric conditions (IDB, n.d.). The need for multiple financing sources is also implicit in the proposed trigger condition for bond pause clauses of requesting emergency finance from the IMF. Given that a range of such tools is available for countries, the London Coalition could consider expanding this trigger condition to include more of these, such as the IDB's Contingent Credit Facility, or a request for assistance from the IDA's Crisis Response Window.

### 4.3 Dealing with multiple shocks

Pause clauses can typically only be triggered once during the lifetime of a loan or bond.<sup>12</sup> For countries that face multiple shocks, this means careful consideration of when to use the pause clause would be needed.

Some countries are prone to the same climate shocks every year, given their geographies. For example, Jamaica was hit by Hurricane Beryl in 2024, then by Hurricane Melissa in 2025, but pause clauses can only be triggered once. As shown in Table 6, in the last decade,

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<sup>12</sup> Currently only Canada and the UK's pause clauses can be triggered more than once over the lifetime of a loan (see Centre for Disaster Protection, 2026). The London Coalition proposals are based on a single deferral, but discussions suggest investors are open to the idea of allowing more deferrals for longer-term bonds (The London Coalition, 2026b).

the Dominican Republic and the Philippines have both been hit by more than one storm affecting more than 10% of their population. The Philippines is hit by tropical storms/cyclones that affects significant numbers of its population nearly every year.

Whilst Bolivia and Pakistan are affected by floods yearly, only once in the last 10 years was a large portion of the population affected by flooding – 24% for Bolivia in 2025 and 14% for Pakistan in 2022.

**Table 6 Proportion of population affected by all natural disasters, 2016–2025**

Country	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Bolivia	6%		0%	3%	1%	3%	3%	18%	0%	25%
Dominican Republic	26%	0%	0%	0%	0%	0%	13%	5%	0%	11%
Jamaica	4%	0%							6%	67%
Sri Lanka	6%	6%	1%	4%	1%	1%	1%	1%	5%	8%
Pakistan	0%	0%	0%	2%	1%	0%	14%	0%	0%	3%
Philippines	5%		9%	6%	5%	11%	7%	10%	25%	24%
Zambia		0%		8%	4%	8%	0%	1%	46%	0%

Source: Authors' calculations using CRED (2026) on total people affected by disaster and World Bank (2026) for population figures.

Note: Data is for the percentage of the population affected by all natural disasters, so figures are higher than for the specific natural disaster type shown in Table 3.

In addition to these shocks, had pause clauses been in place during the Covid-19 pandemic, countries may also have opted to trigger them, meaning they would not be available for later events.

The challenges in making these decisions reinforce the point that in considering issuing bonds with pause clauses, governments will need support to be able to assess the option value of pause clauses in the context of their risk profile as compared to other pre-arranged financing options, and understand how to weigh this in the context of significant uncertainty (Mustapha, 2025).

#### 4.4 Issuer cost

A key concern for any country considering issuing bonds with pause clauses will be the effects on the pricing. Barbados's 2025 eurobond issuance, which includes natural disaster and pandemic pause clauses, were rated B+, the same as its general foreign currency credit rating (Fitch Ratings, 2025). The IMF, similarly, has noted that the inclusion of these clauses did not seem to have an adverse impact on the pricing of the eurobond issuance (IMF, 2025a).

The question is thus whether future inclusion of pause clauses would be similarly cost neutral, following this preliminary evidence from Barbados. In proposals with a similar net present value (NPV)-neutral repayment structure as the proposed pause clauses, other asset managers have argued that this should cost 'little to nothing' in added yield premiums (Ross and Ulukan, 2020).

The London Coalition has emphasised that its objective is to ‘create a scalable debt-pause mechanism ... that will gain investor support without increasing the issuer’s cost of capital’ (The London Coalition, 2026b). To respond to concerns that pause clauses may increase costs, the London Coalition proposal includes enhanced disclosure requirements to increase debt transparency, based on the Model Clauses for Transparency Covenants prepared by the Emerging Markets Investors Alliance in 2025 (EMIA, 2025). As well as requiring improved management of investor relations, regular investor updates and regular publication of detailed debt information on government websites, these also require submission of data to the World Bank’s Debtor Reporting System (DRS) and subscription to the IMF’s Special Data Dissemination Standard (SDDS).<sup>13</sup>

There is substantial evidence that greater debt transparency along these lines can help reduce borrowing costs. In particular, subscription to the IMF’s Special Data Dissemination Standard has been found to reduce interest rate spreads by between 10% and 20% (Glennerster and Shin, 2008; Choi and Hashimoto, 2018; Gonzalez-Garcia, 2024). Cameroon’s decision to publish all of its loan contracts in their entirety online between 2016 and 2020 may have helped reduce its borrowing costs (Crawford and Mitchell, 2024). And more broadly, better debt management practices such as public Debt Sustainability Assessments (DSAs) and Medium-Term Debt Strategies are also associated with better credit ratings (Cormier, 2023).

In sum, there is preliminary evidence from Barbados that inclusion of pause clauses can be cost neutral. The inclusion of contractual provisions around debt transparency in the London Coalition proposed is explicitly intended to offset any perceived cost of pause clauses. Given the substantial evidence around transparency, there is a plausible case that the total package of changes may even reduce borrowing costs. In this case, countries may gain access to liquidity relief in the aftermath of shocks at little to no financial cost.

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<sup>13</sup> The EMIA proposals also require an Annual Second Party Opinion Verification, where a Second Party Opinion (SPO) provider is hired to verify compliance with the transparency commitments and the results are published on the government website, as well as cooperation with the Institute of International Finance (IIF) for inclusion in their Investor Relations and Debt Transparency Reports.

## 5 Conclusion

This paper has used seven country case studies to illustrate the potential of broad debt pause clauses as a tool for fiscal resilience. Had pause clauses been embedded across their bond stocks, these countries could have deferred between 0.2% and 1.7% of GDP in bond interest payments in response to recent major natural disasters. This relief is broadly comparable to the size of emergency IMF financing in Jamaica, Sri Lanka and Zambia. Broad pause clauses, if inserted into a country's entire bond stock, could thus provide significant fiscal space in response to shocks.

A key feature of the proposed bond pause clauses is a synchronisation trigger that must be met by deferring interest payments in other non-multilateral debt. For countries whose non-multilateral debt is dominated by bonds – such as the Dominican Republic, Jamaica and the Philippines – the proposed synchronisation requirement is readily satisfied by triggering pause clauses in bonds alone. But for countries with a large amount of loans from Chinese creditors, such as Pakistan and Zambia, the ability to trigger bond pause clauses depends on securing parallel debt interest deferral from those lenders. The historical precedent of Chinese lenders' participation in the DSSI offers grounds for cautious optimism that this could be secured, especially as the inclusion of bond interest deferral would address a major Chinese criticism of DSSI, where the private sector did not participate.

Two further challenges deserve attention from national policymakers considering issuing bonds with pause clauses. First, for countries exposed to recurrent shocks – such as the cases of Bolivia, the Dominican Republic and the Philippines examined here – the fact that pause clauses can only be triggered once raises difficult questions about timing and option value of pause clauses that governments will need to analyse. Second, while a persuasive case can be made that the enhanced debt transparency provisions made as part of the London Coalition's pause clause proposal could offset any additional cost of pause clauses, or even lead to lower borrowing costs, this remains uncertain until there is widespread issuance of bonds with this feature.

Ultimately, while pause clauses in bonds are an important and valuable addition to pre-arranged financing for shocks, they need to be accompanied by use of other tools. The current patchwork of eligibility criteria for pause clauses across multilateral and bilateral lenders makes this particularly important for the group of lower-

middle-income, non-SIDS countries that may only have access to pause clauses through their bonds and not in their official borrowing. It may be particularly important for them to explore other disaster financing options. And all governments will need to invest in the capability to use this range of instruments effectively.

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# **Appendix: Liquidity relief from debt service pause clauses**

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## ODI Global Appendix: Liquidity relief from debt service pause clauses

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# Appendix 1 Debt profiles of case study countries

## Bolivia debt interest in USD

Bolivia		Disaster	Disaster + 1 year
		2025	2026
<b>Bonds</b>		<b>108,750,000</b>	<b>108,750,000</b>
<b>Bilateral total</b>		<b>62,493,078</b>	<b>61,725,828</b>
Bilateral lenders with pause clauses		18,866,794	19,000,993
Japan	<i>Not currently eligible</i>	217,044	574,529
France	<i>Not currently eligible</i>	18,634,749	18,413,464
Spain	<i>Eligibility not known</i>	15,000	13,000
Bilateral lenders without pause clauses		43,626,284	42,724,835
Brazil		187,000	135,000
China		38,014,843	37,506,472
Germany, Fed. Rep. of		782,441	875,364
Korea, Republic of		180,000	205,000
India		4,459,000	4,002,000
Venezuela, Republic Bolivarian		3,000	1,000
<b>Multilateral total</b>		<b>459,609,911</b>	<b>477,219,119</b>
Multilateral lenders with pause clauses		242,858,710	256,981,078
European Investment Bank	<i>Not currently eligible</i>	5,671,000	5,324,000
Inter-American Dev. Bank	<i>Eligible</i>	188,368,000	201,278,000
World Bank-IBRD	<i>Not currently eligible</i>	38,830,000	40,894,000
World Bank-IDA	<i>Not currently eligible</i>	9,989,710	9,485,078
Multilateral lenders with commitment to pause clauses		186,468,000	183,461,000
Corporacion Andina de Fomento	<i>Eligibility not known</i>	186,468,000	183,461,000
Multilateral lenders without pause clauses		30,283,202	36,777,041
International Fund for Agricultural Dev.		1,052,592	1,337,687
Nordic Development Fund		85,609	79,354
OPEC Fund for International Dev.		4,154,000	4,385,000
Plata Basin Financial Dev. Fund		24,991,000	30,975,000
<b>Non-bond private creditors</b>		<b>331,785</b>	<b>508,132</b>
<b>Total</b>		<b>631,184,774</b>	<b>648,203,079</b>

## Dominican Republic debt interest in USD

Dominican Republic		Disaster	Disaster + 1 year	Disaster + 2 years
		2022	2023	2024
<b>Bonds</b>		<b>1,633,378,797</b>	<b>1,733,391,941</b>	<b>1,942,397,664</b>
<b>Bilateral total</b>		<b>41,234,779</b>	<b>41,806,386</b>	<b>59,418,952</b>
Bilateral lenders with pause clauses		34,846,696	38,457,040	56,818,001
France	<i>Eligibility not known</i>	33,686,498	27,086,067	42,705,912
Spain	<i>Eligibility not known</i>	233,000	199,000	163,000
Japan	<i>Not currently eligible</i>	927,198	11,171,974	13,949,089
Bilateral lenders without pause clauses		6,388,083	3,349,345	2,600,952
Brazil		5,045,105	2,590,000	1,944,000
China		30,000	23,000	16,000
Germany, Fed. Rep. of		1,044,136	553,629	481,600
Korea, Republic of		200,842	182,716	159,352
United States		68,000	0	0
Venezuela, Republic Bolivarian		0	0	0
<b>Multilateral total</b>		<b>162,110,561</b>	<b>398,226,529</b>	<b>486,822,733</b>
Multilateral lenders with pause clauses		135,212,000	327,196,000	392,230,000
European Investment Bank	<i>Eligibility not known</i>	1,325,000	2,209,000	939,000
Inter-American Dev. Bank	<i>Currently eligible</i>	94,764,000	242,791,000	268,711,000
World Bank-IBRD	<i>Currently eligible</i>	39,121,000	82,196,000	122,580,000
World Bank-IDA	<i>Not currently eligible</i>	2,000	0	0
Multilateral lenders with commitment to pause clauses		9,555,090	34,559,000	33,384,000
Corporacion Andina de Fomento		9,555,090	34,559,000	33,384,000
Multilateral lenders without pause clauses		17,343,471	36,471,529	61,208,733
Central American Bank for Econ. Integration (BCIE)		12,998,000	30,934,000	55,752,000
International Fund for Agricultural Dev.		372,720	871,518	1,075,147
Nordic Development Fund		32,750	35,011	31,586
Plata Basin Financial Dev. Fund		3,940,000	4,631,000	4,350,000
<b>Non-bond private creditors</b>		<b>14,398,028</b>	<b>14,028,461</b>	<b>13,839,031</b>
<b>Total</b>		<b>1,851,122,164</b>	<b>2,187,453,316</b>	<b>2,502,478,380</b>

## ODI Global Appendix: Liquidity relief from debt service pause clauses

### Jamaica debt interest in USD

Jamaica		Disaster	Disaster + 1 year
		2025	2026
<b>Bonds</b>		<b>371,883,107</b>	<b>344,875,107</b>
<b>Bilateral total</b>		<b>15,518,934</b>	<b>12,819,135</b>
Bilateral lenders with pause clauses		514,000	676,000
Canada	<i>Eligibility not known</i>	43,000	39,000
Japan	<i>Not currently eligible</i>	471,000	637,000
Bilateral lenders without pause clauses		15,004,934	12,143,135
Belgium		18,671	12,233
China		14,764,859	11,841,644
Germany, Fed. Rep. of		161,010	129,670
Iraq		0	0
Netherlands		943	471
United States		1,000	0
Venezuela, Republic Bolivarian		0	0
Kuwait		58,451	159,117
<b>Multilateral total</b>		<b>133,820,656</b>	<b>124,544,690</b>
Multilateral lenders with pause clauses		128,275,000	119,924,000
European Investment Bank	<i>Eligibility not known</i>	0	0
Inter-American Dev. Bank	<i>Yes eligible</i>	80,115,000	73,661,000
World Bank-IBRD	<i>Yes eligible</i>	48,160,000	46,263,000
Multilateral lenders without pause clauses		5,545,656	4,620,690
Caribbean Dev. Bank		5,044,000	4,226,000
European Development Fund (EDF)		24,934	21,817
European Economic Community (EEC)		112,201	97,657
Nordic Development Fund		6,521	5,217
OPEC Fund for International Dev.		358,000	270,000
<b>Non-bond private creditors</b>		<b>0</b>	<b>0</b>
<b>Total</b>		<b>521,222,696</b>	<b>482,238,932</b>

## ODI Global Appendix: Liquidity relief from debt service pause clauses

### Pakistan debt interest in USD

Pakistan	Disaster		
	2022	2023	2024
<b>Bonds</b>	<b>636,952,000</b>	<b>619,750,000</b>	<b>652,821,000</b>
<b>Bilateral total</b>	<b>1,308,425,597</b>	<b>1,581,379,765</b>	<b>1,766,231,697</b>
Bilateral lenders with pause clauses	112,630,764	91,114,792	91,468,965
Canada	<i>Eligibility not known</i>	834,000	2,121,000
France	<i>Not currently eligible</i>	40,582,436	28,849,604
Spain	<i>Eligibility not known</i>	1,433,000	1,716,000
Japan	<i>Not currently eligible</i>	69,736,819	58,286,459
United Kingdom	<i>Not currently eligible</i>	44,509	141,728
Bilateral lenders without pause clauses	1,195,794,832	1,490,264,974	1,674,762,732
Austria	796,411	594,719	319,263
Belgium	693,340	455,628	230,203
China	690,576,839	962,296,019	965,297,999
Finland	51,000	107,000	54,000
Germany, Fed. Rep. of	13,374,652	11,658,649	9,677,452
Italy	122,336	263,878	645,617
Korea, Republic of	6,589,635	12,670,151	7,695,518
Kuwait	2,475,217	2,464,332	2,171,584
Netherlands	1,828,796	1,701,977	1,627,699
Norway	112,258	247,750	130,593
Saudi Arabia	145,801,667	151,561,000	262,966,000
Serbia	933,000	31,403,000	41,756,000
Sweden	1,410,000	2,709,000	1,939,609
Switzerland	981,681	882,870	711,195
United Arab Emirates	23,702,000	8,706,000	663,000
United States	34,065,000	31,529,000	24,510,000
Russian Federation	0	1,545,000	0
Libya	0	0	0
Multiple lenders	272,281,000	269,469,000	354,367,000
<b>Multilateral total</b>	<b>541,318,527</b>	<b>1,106,002,053</b>	<b>1,282,873,638</b>
Multilateral lenders with pause clauses	275,887,368	393,776,000	455,305,000
European Investment Bank	<i>Eligibility not known</i>	66,368	0
World Bank-IBRD	<i>Not currently eligible</i>	45,795,000	137,616,000
World Bank-IDA	<i>Not currently eligible</i>	230,026,000	256,160,000
Multilateral lenders with commitment to pause clauses	225,764,000	597,378,000	677,583,000
Asian Dev. Bank	<i>Eligibility not known</i>	225,764,000	597,378,000
Multilateral lenders without pause clauses	39,667,159	114,848,053	149,985,638
Asian Infrastructure Investment Bank	8,184,932	78,344,000	103,093,000
ECO Trade and Dev. Bank	1,166,000	2,804,000	9,615,248
International Fund for Agricultural Dev.	2,616,597	2,783,621	3,625,725
Islamic Dev. Bank	25,534,492	28,160,505	30,651,033
Nordic Development Fund	42,138	38,927	34,632
OPEC Fund for International Dev.	2,123,000	2,717,000	2,966,000
<b>Non-bond private creditors</b>	<b>173,994,000</b>	<b>66,163,000</b>	<b>43,477,000</b>
China	51,563,000	14,539,000	0
Other commercial creditors	122,431,000	51,624,000	43,477,000
<b>Total</b>	<b>2,660,690,124</b>	<b>3,373,294,819</b>	<b>3,745,403,334</b>

## ODI Global Appendix: Liquidity relief from debt service pause clauses

### Philippines debt interest in USD

Philippines		Disaster	Disaster + 1 year
		2025	2026
<b>Bonds</b>		<b>1,554,271,445</b>	<b>1,544,044,154</b>
<b>Bilateral total</b>		<b>83,469,897</b>	<b>90,614,604</b>
Bilateral lenders with pause clauses		63,217,607	64,410,996
France	<i>Not currently eligible</i>	20,926,563	19,704,816
Spain	<i>Eligibility not known</i>	173,751	130,673
Japan	<i>Not currently eligible</i>	42,117,293	44,575,507
Bilateral lenders without pause clauses		20,252,291	26,203,608
China		14,842,128	20,915,025
Germany, Fed. Rep. of		559,284	530,491
Italy		32,206	28,050
Korea, Republic of		4,232,673	4,207,041
United States		586,000	523,000
<b>Multilateral total</b>		<b>1,847,668,546</b>	<b>1,842,586,552</b>
Multilateral lenders with pause clauses		822,125,677	813,091,838
World Bank-IBRD	<i>Not currently eligible</i>	822,063,677	813,046,838
World Bank-IDA	<i>Not currently eligible</i>	62,000	45,000
Multilateral lenders with commitment to pause clauses		859,717,712	854,098,146
Asian Dev. Bank	<i>Eligibility not known</i>	859,717,712	854,098,146
Multilateral lenders without pause clauses		165,825,157	175,396,568
Asian Infrastructure Investment Bank		160,743,854	168,958,854
International Fund for Agricultural Dev.		4,559,303	6,000,714
Nordic Development Fund		0	0
OPEC Fund for International Dev.		522,000	437,000
<b>Non-bond private creditors</b>		<b>561,873</b>	<b>436,879</b>
<b>Total</b>		<b>3,485,971,762</b>	<b>3,477,682,189</b>

## ODI Global Appendix: Liquidity relief from debt service pause clauses

### Sri Lanka debt interest in USD

Sri Lanka		Disaster	Disaster + 1 year
		2025	2026
<b>Bonds</b>		<b>350,855,000</b>	<b>334,858,000</b>
<b>Bilateral total</b>		<b>377,837,747</b>	<b>312,140,700</b>
Bilateral lenders with pause clauses		23,391,644	23,894,216
Canada	<i>Eligibility not known</i>	1,392	0
France	<i>Not currently eligible</i>	6,184,693	6,378,974
Spain	<i>Eligibility not known</i>	110,123	107,007
Japan	<i>Not currently eligible</i>	17,095,436	17,408,235
Bilateral lenders without pause clauses		354,446,104	288,246,484
China		211,704,463	199,479,342
India		128,856,000	75,311,000
Korea, Republic of		2,939,827	2,687,486
Kuwait		1,032,635	1,107,323
Russian Federation		0	0
Saudi Arabia		3,276,800	3,705,334
Sweden		0	0
United States		1,968,000	1,411,000
Australia		136,000	58,000
Germany, Fed. Rep. of		4,064,093	3,929,764
Hungary		221,286	193,235
Pakistan		247,000	364,000
<b>Multilateral total</b>		<b>448,873,162</b>	<b>443,744,999</b>
Multilateral lenders with pause clauses		114,464,487	112,508,284
European Investment Bank	<i>Eligibility not known</i>	236,869	702,296
World Bank-IBRD	<i>Not currently eligible</i>	63,165,000	62,872,000
World Bank-IDA	<i>Not currently eligible</i>	51,062,618	48,933,988
Multilateral lenders with commitment to pause clauses		316,018,929	310,424,697
Asian Dev. Bank	<i>Eligibility not known</i>	316,018,929	310,424,697
Multilateral lenders without pause clauses		18,389,746	20,812,018
Asian Infrastructure Investment Bank		13,087,000	14,913,000
International Fund for Agricultural Dev.		1,975,065	2,017,554
Nordic Development Fund		88,681	83,465
OPEC Fund for International Dev.		3,239,000	3,798,000
<b>Non-bond private creditors</b>		<b>30,858,482</b>	<b>24,989,482</b>
<b>Total</b>		<b>1,208,424,392</b>	<b>1,115,733,181</b>

## ODI Global Appendix: Liquidity relief from debt service pause clauses

### Zambia debt interest in USD

Zambia	Disaster	Disaster + 1 year	Disaster + 2 years
	2024	2025	2026
<b>Bonds</b>	<b>127,384,000</b>	<b>81,253,000</b>	<b>68,291,000</b>
<b>Bilateral total</b>	<b>627,000</b>	<b>132,982,208</b>	<b>128,238,242</b>
Bilateral lenders with pause clauses	0	6,275,002	6,852,408
France		240,002	1,178,408
<i>Yes eligible - LDC status</i>	0		
United Kingdom		6,035,000	5,674,000
<i>Yes eligible - LDC status</i>	0		
Bilateral lenders without pause clauses	627,000	126,707,206	121,385,833
China	0	88,324,462	89,434,438
India	627,000	14,135,000	11,388,000
Russian Federation	0	8,113,809	6,701,944
United Arab Emirates	0	67,801	89,585
Saudi Arabia	0	250,133	1,069,867
South Africa	0	14,925,000	12,321,000
United States	0	891,000	381,000
<b>Multilateral total</b>	<b>76,655,769</b>	<b>87,422,645</b>	<b>85,891,292</b>
Multilateral lenders with pause clauses	43,159,826	49,151,435	50,820,846
European Investment Bank		3,628,064	4,178,137
<i>Yes eligible - LDC status</i>	3,072,826		
World Bank-IDA		45,523,371	46,642,709
<i>Not currently eligible</i>	40,087,000		
Multilateral lenders with commitment to pause clauses	28,792,271	29,622,114	29,526,912
African Dev. Bank		29,622,114	29,526,912
<i>Eligibility not known</i>	28,792,271		
Multilateral lenders without pause clauses	4,703,672	8,649,096	5,543,534
International Fund for Agricultural Dev.	1,084,898	1,056,272	1,121,022
OPEC Fund for International Dev.	672,000	619,000	608,000
Nordic Development Fund	141,774	128,824	120,512
Arab Bank for Economic Dev. in Africa (BADEA)	0	591,000	988,000
Eastern & Southern African Trade & Dev. Bank (TDB)	0	3,423,000	0
Multiple lenders	2,805,000	2,831,000	2,706,000
<b>Non-bond private creditors</b>	<b>3,431,000</b>	<b>176,690,624</b>	<b>191,521,740</b>
China	3,431,000	130,424,000	145,823,000
Other commercial creditors	0	46,266,624	45,698,740
<b>Total</b>	<b>208,097,769</b>	<b>478,348,477</b>	<b>473,942,273</b>

Source: Authors' calculations using data from World Bank (2025) 'International debt statistics'. (<https://www.worldbank.org/en/programs/debt-statistics/ids>)

# Appendix 2 Pause clauses

Lender	Eligible countries	Eligible events	Duration of debt suspension
<b>Bilateral creditors</b>			
Canada	Small state economies (following World Bank list)	Global Affairs Canada: natural disasters and public health emergencies at GAC's discretion Export Development Canada: tropical cyclones and earthquakes	One year
JICA	16 countries, largely Pacific Island countries <sup>1</sup>	Tropical cyclones and earthquakes	Up to two years
UK Export Finance	Low-income countries <sup>2</sup> and small-island developing states (SIDS)	A wide range of natural disasters and environmental shocks, including health crises and oil spills.	One year
<b>Multilateral creditors</b>			
ADB	ADB small island members <sup>3</sup> and Bhutan	Natural hazard events and public health emergencies	Up to two years
CAF	CAF Caribbean member countries <sup>4</sup>	Earthquakes and tropical cyclones, and public health emergencies	Up to two years

<sup>1</sup> Kiribati, Samoa, the Solomon Islands, Tuvalu, Tonga, Vanuatu, Nauru, Niue, Papua New Guinea, Palau, Timor-Leste, Fiji, the Marshall Islands, the Federated States of Micronesia, the Maldives, and the Bhutan.

<sup>2</sup> Defined as countries eligible for concessional financing from either the IMF's International Monetary Fund (IMF) Poverty Reduction and Growth Trust (PRGT) or the World Bank's International Development Assistance (IDA) window, or categorised by the UN as a Least Developed Country (LDC).

<sup>3</sup> The Cook Islands, the Federated States of Micronesia, Fiji, Kiribati, Maldives, the Marshall Islands, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Timor-Leste, Tonga, Tuvalu, and Vanuatu.

<sup>4</sup> Antigua and Barbuda, Bahamas, Barbados, Dominica, Dominican Republic, Grenada, Jamaica, and Trinidad and Tobago.

## ODI Global Appendix: Liquidity relief from debt service pause clauses

<b>Lender</b>	<b>Eligible countries</b>	<b>Eligible events</b>	<b>Duration of debt suspension</b>
EBRD	Sovereign, sovereign-guaranteed and municipal clients from lower-middle-income countries in EBRD regions.	Extreme climate-related or natural disasters, covering floods, droughts and earthquakes	Two years
EIB	70 less developed countries and small island developing states	Natural disasters	Up to two years
IDB	Borrowing member countries with an active IDB Contingent Credit Facility (CCF). As of end 2025, 16 out of 26 borrowing member countries have a CCF and seven have included climate resilient debt clauses in their IDB loans.	Wide range of natural disaster and public health emergencies	Two years
World Bank	45 IBRD and IDA-eligible countries classified as “Small State Economies” by the World Bank, members of the Small States Forum, and Small Island Developing States.	All natural catastrophes and public health emergencies	Up to two years

Sources: European Bank for Reconstruction and Development, 2023; European Investment Bank, 2024, 2025; Ministry of Finance, Japan, 2024; World Bank, 2024; Centre for Disaster Protection, 2026; Inter-American Development Bank, 2026.

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# Appendix 3 Country details and data sources

## Case study selection

There are 76 countries currently (FY26) classified as low or lower-middle income by the World Bank: 26 LICs and 50 LMICs. There are a further 16 UMIC SIDS, giving a total of 92 potential countries

Of these countries, IDS reports 48 as paying bond interest in at least one year between 2022 and 2024. These are shown in the table below, together with their World Bank income classification, their UN SIDS and LDC status, their World Bank lending status, their eligibility for the IMF's concessional Poverty Reduction and Growth Trust, and whether their bonds are included in the JP Morgan EM index.

Country	World Bank classification 2025	SIDS status	LDC status	World Bank lending status	IMF PRGT eligibility	JPMorgan GBI-EM Index
Angola	LM		Yes	IBRD		Yes
Bangladesh	LM		Yes	IDA	Yes	
Belize	UM	Yes		Blend		
Benin	LM		Yes	IDA	Yes	Yes
<b>Bolivia</b>	<b>LM</b>			<b>IBRD</b>		<b>Yes</b>
Cameroon	LM			Blend	Yes	Yes
Congo, Rep.	LM			Blend	Yes	
Cote d'Ivoire	LM			Blend	Yes	Yes
Dominica	UM	Yes		Blend	Yes	
<b>Dominican Republic</b>	<b>UM</b>	<b>Yes</b>		<b>IBRD</b>		<b>Yes</b>
Egypt, Arab Rep.	LM			IBRD		Yes
Eswatini	LM			Blend		
Ethiopia	L		Yes	IDA	Yes	Yes
Ghana	LM			IDA	Yes	Yes
Grenada	UM	Yes		Blend	Yes	
Guinea-Bissau	L		Yes	IDA	Yes	
Honduras	LM			IDA	Yes	Yes
India	LM			IBRD		Yes
Iran, Islamic Rep.	UM			IBRD		
<b>Jamaica</b>	<b>UM</b>			<b>IBRD</b>		<b>Yes</b>
Jordan	LM			IBRD		Yes

## ODI Global Appendix: Liquidity relief from debt service pause clauses

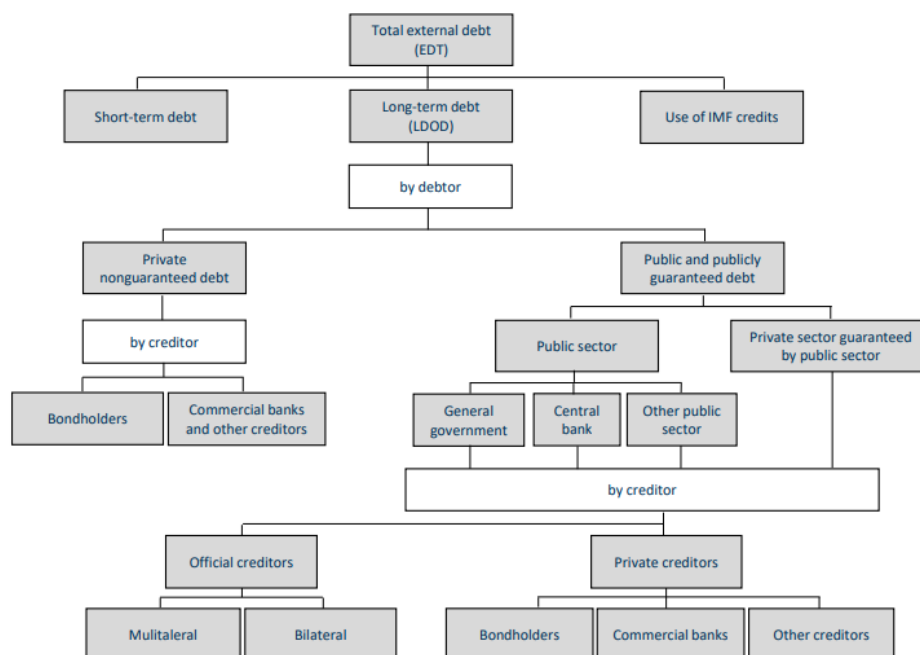
Country	World Bank classification 2025	SIDS status	LDC status	World Bank lending status	IMF PRGT eligibility	JPMorgan GBI-EM Index
Kazakhstan	UM			IBRD		
Kenya	LM			Blend	Yes	Yes
Kyrgyz Republic	LM			IDA	Yes	Yes
Lao PDR	LM		Yes	IDA	Yes	
Lebanon	LM			IBRD		Yes
Maldives	UM	Yes		IDA	Yes	Yes
Mauritius	UM	Yes		IBRD		
Mongolia	UM			IBRD		
Morocco	LM			IBRD		Yes
Mozambique	L		Yes	IDA	Yes	Yes
Nigeria	LM			Blend		Yes
<b>Pakistan</b>	<b>LM</b>			<b>Blend</b>		<b>Yes</b>
Papua New Guinea	LM			Blend	Yes	Yes
<b>Philippines</b>	<b>LM</b>			<b>IBRD</b>		<b>Yes</b>
Rwanda	L		Yes	IDA	Yes	Yes
Senegal	LM		Yes	IDA	Yes	Yes
<b>Sri Lanka</b>	<b>LM</b>			<b>IDA</b>		<b>Yes</b>
St. Lucia	UM	Yes		Blend	Yes	
St. Vincent and the Grenadines	UM	Yes		Blend	Yes	
Suriname	UM	Yes		Blend		Yes
Tajikistan	LM			IDA	Yes	Yes
Tunisia	LM			IBRD		
Uganda	L		Yes	IDA	Yes	
Ukraine	UM			IBRD		
Uzbekistan	LM			Blend	Yes	Yes
Viet Nam	LM			IBRD		
<b>Zambia</b>	<b>LM</b>		<b>Yes</b>	<b>IDA</b>	<b>Yes</b>	<b>Yes</b>

### Debt data

Extracted World Bank Debt Statistics data for interest payments data for initial set of 41 countries. Used the PPG variable, Public and publicly guaranteed debt instead of general governments.

# ODI Global Appendix: Liquidity relief from debt service pause clauses

## A.1 External Debt and Its Components



### Lender type *Explanation*

Lender	Variable	Counterparty
Bonds	PPG, bonds (INT, current US\$) [DT.INT.PBND.CD]	Bondholders
Other private	PPG, commercial banks (INT, current US\$) [DT.INT.PCBK.CD] PPG, other private creditors (INT, current US\$) [DT.INT.PROP.CD]	World
Bilateral lenders with pause clauses	PPG, bilateral (INT, current US\$) [DT.INT.BLAT.CD] PPG, bilateral concessional (INT, current US\$) [DT.INT.BLTC.CD]	As per note 1 As per note 1
Bilateral lenders with commitment to pause clauses	PPG, bilateral (INT, current US\$) [DT.INT.BLAT.CD] PPG, bilateral concessional (INT, current US\$) [DT.INT.BLTC.CD]	As per note 2 As per note 2
Bilateral lenders without pause clauses	PPG, bilateral (INT, current US\$) [DT.INT.BLAT.CD] PPG, bilateral concessional (INT, current US\$) [DT.INT.BLTC.CD]	Other bilateral Other bilateral
Multilateral lenders with pause clauses	PPG, multilateral (INT, current US\$) [DT.INT.MLAT.CD]	As per note 3
Multilateral lenders with commitment to pause clauses	PPG, multilateral (INT, current US\$) [DT.INT.MLAT.CD]	As per note 4

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Multilateral lenders without pause clauses	PPG, multilateral (INT, current US\$) [DT.INT.MLAT.CD]	Other multilaterals
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## Notes

1 Bilateral lenders with pause clauses: UK Export Finance, Japan Export Finance

2 Bilateral lenders with commitment to pause clauses is proxied by membership of the Debt Pause Clause Alliance: Canada; France; Spain; UK and endorsers: Australia; Brazil; Norway; Switzerland.?

3 Multilateral lenders with pause clauses: World Bank, EBRD, IADB

4 Multilateral lenders with commitment to pause clauses is proxied by membership of the Debt Pause Clause Alliance: African Development Bank Group (AfDB); Asian Development Bank (ADB); Development Bank of Latin America and the Caribbean (CAF); European Investment Bank (EIB); Inter-American Development Bank (IDB); and endorsers: Asian Infrastructure Investment Bank (AIIB), European Bank for Reconstruction and Development (EBRD), and Council of Europe Development Bank (CEB).