

Statement from the WHO Council on the Economics of Health for All

Barbados' Introduction of a Pandemic Debt Suspension Clause

30 SEPTEMBER 2022

The [WHO Council on the Economics of Health for All](#) congratulates the [Government of Barbados](#) on the closing of its sovereign debt conversion focused on marine conservation, which includes the world's first "[pandemic clause](#)" to be used in a primary market issuance.

Not only is this "debt for nature" swap an important step for Barbados in reducing public indebtedness and addressing urgent environmental sustainability concerns, but the "pandemic clause" also offers a novel approach to enabling countries to have the fiscal space required to cope if another major global health disaster arises. The clause does this by including conditional provisions for the temporary deferral of interest payments on debt in the event of a new pandemic that meets certain predefined criteria. The expectation is that these funds will then be transparently deployed to strengthen national pandemic response efforts.

Combined with the inclusion of similar a "[natural disaster clause](#)" – which enables the deferral of interest payments in the event of a major hurricane upon meeting certain conditions – this bond offering demonstrates a new model of support that enables countries to have the resources needed to invest in a healthy population and planet.

As public indebtedness soars and the pressures of food, climate and inflationary crises continue to [strangle fiscal space](#) in low- and middle-income countries, the Council believes that these pandemic and natural disaster debt clauses are an important new financial tool of a national Pandemic Preparedness and Response solution portfolio and would benefit from further in-depth understanding. Countries could start demanding that these clauses be included in their own debt restructurings and primary market issuance, as well as continuing to explore other [innovative](#) financial and insurance solutions to strengthen [state capacity](#).

Pandemic clauses alone will not solve the Pandemic Preparedness and Response global financial needs; however, they are a step in the right direction for building a wider set of tools towards a better pandemic financial architecture. The participation of the [Inter-American Development Bank](#) and [The Nature Conservancy](#) in this transaction, should be an example to other regional development banks and civil society organizations to partner in innovative financial solutions to address urgent global health and climate challenges.

Likewise, the Council encourages low- and middle-income countries, the World Bank and the International Monetary Fund to explore the potential for adopting "debt for nature" swaps as well as "debt for health" swaps at scale as a

means to help struggling countries generate immediate resources to invest in health for all. For reference, on one hand the [World Bank's debt service payment database](#) indicates that low-income countries paid \$3.34 billion servicing their debts in 2020 and lower-middle-income countries paid \$104.87 billion, while on the other hand the total Access to COVID-19 Tools (ACT) Accelerator's funding needs for the fiscal year 2021–2022 are [\\$23 billion](#).

We applaud the Government of Barbados for its continued leadership in boldly confronting the existential challenges of climate change and inequality, and we hope it serves as an inspiration to others in the fight [to protect the health and well-being of people and the planet](#).

The [WHO Council on the Economics of Health for All](#) was established on 13 November 2020 to provide guidance on the economics and health agenda of WHO. It is an independent council comprised of an international group of independent experts convened by Dr Tedros Adhanom Ghebreyesus, WHO Director-General. This document does not represent the decisions or the policies of WHO.

For further information contact EH4A-Secretariat@who.int.
Engage with us on Twitter [@Economy4Health](#) and [#Economy4Health](#).