

# UK Export Finance launches new debt solution to help developing countries with climate shocks

- Announced on Finance Day at COP27, UK Export Finance (UKEF) will become the first export credit agency in the world to offer Climate Resilient Debt Clauses (CRDC) in its direct sovereign lending.
- The clauses will offer low-income countries and small island developing states the ability to defer debt repayments in the event of a severe climate shock or natural disaster.
- This announcement is part of the UK Government's wider objective to help improve the financial resilience of vulnerable countries in the face of severe climate shocks.

UK Export Finance (UKEF) will become the first export credit agency in the world to introduce Climate Resilient Debt Clauses (CRDCs) into its loan agreements. These will provide low-income countries and small island developing states the ability to defer debt repayments in the event of a severe climate shock or natural disaster.

This is part of UKEF's broader ambition to embed climate change into its decision-making in line with its [Climate Change Strategy](#) and net zero 2050 target.

## **Speaking at COP27 Finance Day, Tim Reid, UK Export Finance's Director of Business Group will say:**

Some countries are now facing tough choices between protecting their citizens as they respond to climate shocks or paying down their debts. UKEF can play an important role in helping governments navigate these decisions. By suspending the debt service payments, UKEF will enable borrowing countries to focus on responding to and recovering from a crisis.

We encourage other official creditors to consider including similar provisions in their own lending to countries most vulnerable to climate change.

UKEF helps overseas buyers access financial support to make their projects happen, provided they commit to sourcing goods and services from the UK. This helps open new doors for world-class British suppliers to trade overseas.

This announcement is part of the UK Government's wider objective to improve the financial resilience of vulnerable countries around the world in the face of severe climate shocks. Alongside UKEF, the Private Sector Working Group

chaired by the UK Treasury will also launch today a 'model term sheet' to embed climate resilient debt deferral into standard bond and loan contracts. Multilateral Development Banks will also agree to form an informal working group to further explore CRDCs and other approaches, building on the Inter-American Development Bank's leadership in this area.

**Exchequer Secretary to the Treasury, James Cartlidge, said:**

Climate shocks are increasing in frequency and severity which is why we are supporting countries hit hardest. In the wake of a disaster, they face painful trade-offs between rebuilding their communities and making debt repayments.

Today is a significant milestone in our work to find innovative solutions to these global challenges, and I am proud that UK Export Finance is the first export credit agency in the world to offer loans which suspend debt service payments for countries hit by climate catastrophes and natural disasters.

Building on our COP26 legacy, we are committed to climate-resilient development, as the UK continues to play a leading role in reducing carbon emissions to Net Zero by 2050.

The new CRDC are part of UKEF's commitment to a greener, more sustainable future following the launch of its Climate Change Strategy in 2021, where it committed to net zero greenhouse gas emissions by 2050 across its portfolio and operations. UKEF has provided over £7 billion of support for green and sustainable projects since 2019, and it has a £2 billion direct lending facility dedicated to financing clean growth projects overseas.

Benefits of the new debt clauses include:

- CRDC deferrals will not be considered events of default, preserving finance and project continuity while providing liquidity for the country authorities.
- In the event they are hit by a natural disaster or other climate shock, eligible countries will be able to request a 12-month suspension of all principal and interest payments due to UKEF, and deferred payments will be repayable over a 5-year period following a 1-year grace period.

CRDC will be offered in new and amended UKEF direct sovereign lending and previously restructured sovereign transactions to low-income countries (LICs) and climate-vulnerable small-island developing states (SIDS).

This announcement is part of Finance Day at the COP27 summit in Sharm El Sheikh. COP27 is bringing parties together to accelerate action towards the goals of the Paris Agreement and the UN Framework Convention on Climate

Change.

More generally, UKEF is providing large-scale backing for sustainable projects across Africa, Asia and Europe. This includes:

On the Multilateral Development Banks's work:

- The Inter-American Development (IDB) is the only Multilateral Development Bank (MDB) to offer a form of CRDC in its lending currently, through a Principal Payment Option. Benigno López Benítez, Vice President for Sectors at the IDB, joined the panel in the UK Pavilion on Finance Day to share the IDB's experience with CRDCs.
- MDBs are vital sources of large-scale affordable finance to developing countries. Development Finance Institutions mostly provide project investment finance. The UK is calling on all MDBs, Development Finance Institutions and other creditors to explore the use of CRDCs.
- The UK welcomes the formation of an MDB informal working group to further explore CRDCs and other approaches, building on the Inter-American Development Bank's leadership in this area.

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## [Rugby League World Cup No10 Reception speech](#)

Hi everyone, thank you very much for having me here. I want to start by saying a huge thank you to the Elmbridge Eagles for their amazing display. I don't think anything like this has happened before in No10, and I'm sure you can all go home knowing you've smashed some records.

We've had such a great year of major sporting events in this country – first with the Women's EUROs, then the Birmingham Commonwealth Games, and also the World Gymnastics Championships in Liverpool.

But as a proud northerner who grew up just down the road from the Warrington Wolves, I'm particularly pleased to see the Rugby League World Cup rounding off that list.

I was lucky enough to get to a game on Saturday – England's women vs Canada. Sadly they can't be here today because they're preparing for their next game.

But as I said, I watched them on Saturday, and I can tell you it was absolutely brutal. It was such a physical game.

But that's what makes this sport so thrilling – and it's why Rugby League fans are some of the most diehard out there.

So to see places where this sport was born, and where it grew...

...places where rugby league is the lifeblood of the local community...

...to see those places now host matches that are at the pinnacle of the international game has been absolutely brilliant.

It's been a great tournament so far, and we've still got all three finals in Manchester next weekend to look forward to.

And it goes without saying that putting on this kind of event requires an incredible amount of hard work and dedication – particularly when a global pandemic gets in the way. That caused all sorts of delays and difficulties.

But this room is full of people who battled through all of those challenges, and ultimately made this event possible...

...from social impact partners, to tournament ambassadors, to the players themselves.

You haven't just delivered a major international tournament. You've delivered an event that has been genuinely groundbreaking.

For the first time ever, it's one where the mens', womens' and wheelchair tournaments have all been held at the same time...

...one where everyone playing has received equal participation fees...

...and one where women and wheelchair tournament winners will all receive prize money – again, for the first time ever...

Together, all of those things have sent a very loud signal across the world that rugby league is a sport for all.

Those kinds of signals really matter. Visibility matters. Particularly for children and other people who might be thinking of taking up the sport, but who assume it's not for them.

But thanks to your efforts, they'll be able to turn on the BBC and see that it is.

And that's all while the tournament is going on.

But of course there's the legacy, too.

And the last thing that makes this tournament groundbreaking is that we haven't waited for the event to be over to get going on that legacy.

In fact, we've flipped it round.

In the run-up to the event, this tournament had already invested a significant part of the government's £30 million pot of funding into the grassroots, through its social impact programme.

It did so by partnering with multiple organisations – many of whom are here today...

...and that programme has already funded the refurbishment of dozens of clubhouses, changing rooms and artificial pitches – as well as all sorts of equipment, a mental fitness programme, international development and a special volunteer scheme.

And that was before a single try was even scored.

It's a fantastic achievement, and proof that in the end, an event like this is about so much more than sport.

It's about uniting communities...

...it's about instilling a real sense of pride in the towns and cities that get to host the games...

...and most of all, it gives us all something to feel good about – in a way that we don't often get with other things.

That's what makes sport so powerful – and you all played a role in that.

So thank you, and I hope you have a wonderful afternoon celebrating your achievements.

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## [UK and Estonia commit to closer defence cooperation](#)

Defence Secretary Ben Wallace and Estonian Minister of Defence Hanno Pevkur commit to stronger defence cooperation.

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## [UK and Estonia commit to closer defence cooperation](#)

- UK Apache and Chinook helicopters to deploy to Estonia periodically from January 2023.
- Exercise Spring Storm will take place in Estonia in May next year – part of more regular deployments high readiness forces.
- UK to support development of Estonia's warfighting Division and provide a Brigadier to lead the enhanced Forward Presence Battlegroup.

The United Kingdom will periodically deploy helicopters to Estonia as part of

enhancing our nations' deep defence relationship built on shared interests and values. The Defence Secretary Ben Wallace hosted his counterpart Estonian Minister of Defence Hanno Pevkur in London for a meeting, during which the Ministers committed to stronger ties and issued a [joint statement](#). A Guard of Honour welcomed Minister Pevkur on arrival.

The Ministers signed a roadmap which sets out a shared plan to implement commitments made at the [NATO Summit in Madrid](#) earlier this year. The roadmap will see a more capable UK presence in Estonia, continuing our commitment to deter aggression and defend European and NATO security.

### **UK Defence Secretary Ben Wallace said:**

The UK's commitment to Estonia and European defence and security is unwavering. The deployment of assets such as Apache and Chinook helicopters to exercise in Estonia is a clear example of the strength of our relationship, and the importance we place on our ability to effectively operate side by side.

### **Estonia Defence Minister Hanno Pevkur said:**

In the roadmap, Estonia have committed to start the development of an Estonian warfighting Division which will ensure coordinated use of national and allied forces in the defence of Estonia. This work will be supported by the UK, who are providing training and mentoring through an advisory team and close links with the UK's 3rd Division.

The UK has an [enhanced forward presence \(eFP\) Battlegroup in Estonia](#), and this deployment will be enhanced through divisional-level assets such as short range air defence and multiple rocket launch systems in the country. These will be augmented with periodic deployments of additional capabilities including Apache and Chinook helicopters. The first of these surges will begin January 2023, when Chinook Helicopters will deploy to Estonia.

From April 2023, the UK's eFP Headquarters in Estonia will be led by a Brigadier, enhancing the HQ's capabilities. In addition, the UK will hold a Brigade sized force at high readiness in the UK, ready to reinforce Estonia and the Baltics at a time of need. These forces will regularly exercise in Estonia and the first exercise, Spring Storm, is planned for May 2023.

Estonia is supporting these plans by building four additional accommodation halls and other necessary support facilities at Tapa Camp which will be completed before the exercise begins.

Separately, the UK will be providing Baltic Air Policing in Estonia from March to July 2023 using Typhoon aircraft and will continue to contribute to [NATO maritime patrols in the Baltics](#).

Estonia and the UK are both part of the [Joint Expeditionary Force \(JEF\)](#), a group of ten European nations who work together in support of European security.

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## **Joint Statement between the UK MOD and the Estonian MOD**

Joint Statement from the United Kingdom Ministry of Defence and the Republic of Estonia Ministry of Defence.