



Saving Lives,
Scaling-up Impact and
Getting Back on Track

World Bank Group COVID-19 Crisis Response Approach Paper

June 2020



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List of Acronyms

ADB	Asian Development Bank	ESF	Environmental and Social Framework
AEs	Advanced Economies	EU	European Union
AF	Additional Financing	FCSs	Fragile and Conflict-affected Situations
AfDB	African Development Bank	FCV	Fragility, Conflict and Violence
ASA	Advisory Services and Analytics	FDI	Foreign Direct Investment
BFP	Bank Facilitated Procurement	FIGE	Financial Institutions Response Envelope
CAR	Central African Republic	FILs	Financial Intermediary Loans
CAT-DDO	Catastrophe Deferred Draw-Down Option	FM	Financial Management
CCT	Conditional Cash Transfer	FSF	Financial Sustainability Framework
CDD	Community-Driven Development	FTCF	Fast Track COVID-19 Facility
CEN	Country Engagement Note	FY	Fiscal Year
CERC	Contingent Emergency Response Component	G7	Group of Seven
CLR	Completion and Learning Review	G20	Group of Twenty
COVID-19	Coronavirus Disease 2019	GBV	Gender-based Violence
CPF	Country Partnership Framework	GDP	Gross Domestic Product
CRW	Crisis Response Window	GDI	Graduation Discussion Income
CSO	Civil Society Organization	GEP	Global Economic Prospects
DA	Disbursement Arrangement	GFF	Global Financial Facility
DBA	Donor Balance Accounts	GTFP	Global Trade Finance Program
DE	Developing Economy	GTLP	Global Trade Liquidity Program
DEC	Development Economics	HCP	Human Capital Project
	Vice Presidency	HD	Human Development Practice Group
DeMPA	Debt Management Performance Assessment	HEPRTF	Health Emergency Preparedness and Response Multi-Donor Fund
DD	Digital Development	HIV	Human Immunodeficiency Virus
DLP	Debt Limits Policy	HNP	Health, Nutrition, and Population
DPF	Development Policy Financing	IBRD	International Bank for Reconstruction and Development
DRC	Democratic Republic of the Congo	ICT	Information and Communications Technology
DSA	Debt Sustainability Analysis	IDA	International Development Association
DSC	Deployable Strategic Capital	IDA19	IDA19 Replenishment
DSF	Debt Sustainability Framework	IEG	Independent Evaluation Group
DSSI	Debt Service Suspension Initiative	IFC	International Finance Corporation
ECB	European Central Bank	IFI	International Financial Institution
ECD	Early Childhood Development	ILO	International Labour Organization
E/L	Equity-to-Loans	IMF	International Monetary Fund
EFI	Equitable Growth, Finance and Institutions Practice Group	INF	Infrastructure Practice Group
EIDs	Emerging Infectious Diseases	IOR	IFC Operational Report
EMDEs	Emerging Market and Developing Economies	IPF	Investment Project Financing

IT	Information Technology	RB	Rebuilding Better
JET	Jobs and Economic Transformation	RCF	Rapid Credit Facility
LICs	Low-Income Countries	RFI	IMF Rapid Financing Instrument
LMICs	Lower Middle-Income Countries	RSE	Real Sector Crisis Response Envelope
LTF	Long-term Financing	SALL	Sustainable Annual Lending Limit
M&E	Monitoring and Evaluation	SBO	Strategy and Business Outlook
Multilateral Development Bank	SBL	Single Borrower Limit	
MICs	Middle-Income Countries	SD	Sustainable Development Practice Group
MPA	Multiphase Programmatic Approach	SDGs	Sustainable Development Goals
MSMEs	Micro, Small and Medium Enterprises	SDFP	Sustainable Development Finance Policy
NBFI	Non-Bank Financial Institution	SIDS	Small Island Developing States
NCD	Non-Communicable Disease	SMEs	Small and Medium Enterprises
NPL	Non-Performing Loan	SMS	Short Message Service
NPV	Net Present Value	SOE	State-owned Enterprise
OECD	Organisation for Economic Cooperation and Development	SPRP	Strategic Preparedness and Response Program
OIE	World Organization for Animal Health	SSA	Sub-Saharan Africa
PAD	Project Appraisal Document	TA	Technical Assistance
PBA	Performance Based Allocations	TB	Tuberculosis
PEF	Pandemic Emergency Financing Facility (PEF)	TPM	Third-party monitoring
PFM	Public Financial Management	UN	United Nations
PforR	Program-for-Results financing Instrument	USD	United States Dollars
PLR	Performance and Learning Review	VC	Venture Capital
PPE	Personal Protective Equipment	WBG	World Bank Group
PPPs	Public-Private Partnerships	WHO	World Health Organization
PSW	Private Sector Window		
RAC	Risk-adjusted capital		

Executive Summary

This paper sets out the WBG approach to providing support exceptional in speed, scale and selectivity to countries as they tackle the unprecedented threats posed by the COVID-19 crisis. WBG support focuses on helping countries address the crisis and transition to recovery through a combination of saving lives threatened by the pandemic; protecting the poor and vulnerable; securing foundations of the economy; and strengthening policies and institutions for resilience based on transparent, sustainable debt and investments. The paper outlines the operational framework for the approach and discusses the medium-term outlook for the WBG's financial capacity. Working as One WBG, the approach emphasizes selectivity and public-private joint interventions to scale up private sector solutions while staying focused on results.

- i. **Disrupting billions of lives and livelihoods, the COVID-19 pandemic threatens decades of hard-won development gains and demands an urgent, exceptional response.** There were over 6.2 million confirmed cases and 372 thousand confirmed deaths across 188 countries by June 1, 2020. The severity of the pandemic is challenging the world's health systems, while associated lockdowns and travel restrictions have upended normal life for most people – even as lockdowns ease in some countries. The number of new cases worldwide is accelerating, with more than 100 thousand now reported daily, and the pandemic's geography is shifting. Reported new infections have recently shown signs of tapering in advanced countries, but they are now rising rapidly in some developing countries in Asia, Africa, Latin America and the Middle East. The crisis is spurring changes in behaviors and trends likely to transform the post-COVID-19 world.
- ii. **The range of growth outcomes in 2020-21 remains exceptionally uncertain, and recovery is highly dependent on global progress in containing and mitigating the pandemic.** The COVID-19 pandemic has triggered what is likely to be the deepest global recession since World War II. In a base case scenario, the global economy could shrink by 5.2 percent in 2020 before rebounding in 2021; in the downside scenario of prolonged shutdowns, world output could contract by almost 8 percent in 2020 (roughly equivalent to the combined GDP of France, Italy, and Spain). The recession in advanced economies is hitting developing countries hard, and the World Bank now projects negative growth for over 150 countries in 2020. The emerging food crisis could intensify, and food insecurity could spread much more widely.
- iii. **Billions of jobs are under threat worldwide.** Nearly 80 percent of the world's informal economy workers – 1.6 billion people – have faced COVID-19 lockdowns and slowdowns in hard-hit industries including wholesale and retail, food and hospitality, tourism, transport and manufacturing. With 740 million women globally in informal employment and a majority employed in services, women are particularly hard hit by the crisis. Remittance flows – economic lifeline for many low-income families and a key source of revenues for many developing economies – are expected to fall by one-fifth in 2020.
- iv. **The COVID-19 crisis is exacting a massive toll on the poor and vulnerable.** Millions of people will fall into extreme poverty, while millions of existing poor will experience even deeper deprivation – the first increase in global poverty since 1998. This will mean an estimated additional 18 million extremely poor people in FCSs, and the pandemic is deepening existing sources of fragility and exacerbating instability in FCV settings. The pandemic is exacerbating specific risks for women with sharp increases in domestic and gender-based violence and a substantial increase in emergency calls for domestic violence cases.

v. **The scale of the financing challenge for developing countries is measured in trillions of US Dollars.** The sudden reversal of capital flows has helped finance the exceptional fiscal packages in the advanced economies but has left emerging markets and developing economies (EMDEs) exposed. The additional financing needs for developing countries arising from the crisis remain uncertain, but they will be exceptionally high and likely to persist over the medium term. Pandemic-related external financing gaps for active IDA countries could be in the range of US\$25-100 billion per year – assuming that incremental financing needs arising from the crisis are in the range of 2.5-10 percent of GDP per year and that only half of these can be met internally. For IBRD borrowers (representing approximately one-third of MIC GDP), the equivalent range is US\$150-600 billion annually.

vi. **The WBG is repositioning from regular operations to mount an exceptional crisis response to help developing countries address spillover effects from the massive, sudden stop in global economic activity, just as the countries themselves are hit by the coronavirus.** The WBG's objective is to assist countries to meet the dual challenge they now confront: (i) addressing the health threat, and the social and economic impacts of the COVID-19 crisis, while (ii) maintaining a line of sight to their long-term development vision. The ambition of the WBG crisis response is to help client countries assist at least one billion people impacted by the COVID-19 crisis and to restore momentum on the Twin Goals. Intensified partnerships and coordinated support will be integral to responding at the scale needed to flatten the pandemic's curve, protect prosperity and steepen the curve of recovery.

vii. **The WBG COVID-19 crisis response is aligned with its comparative advantages and anchored in longstanding core principles – which taken together guide selectivity.** The comparative advantage of the World Bank Group comes from the powerful combination of country depth and global breadth, public and private sector instruments and relationships, multisector knowledge and practitioner expertise, and the ability to mobilize and leverage financing. This positions the Bank to respond to multidimensional crises such as COVID-19, drawing on global experience and lessons learned. At the same time, the WBG's resources are limited and it is committed to serve all clients. Therefore, its crisis response must focus on scaling up selectively for impact. Core principles guide this process, fighting poverty and promoting shared prosperity, sustainability, inclusion, fair burden-sharing, transparency, governance and respect for the rule of law. Equally, the approach reflects continued commitment to building human and natural capital and to preserving global public goods like public health, climate and biodiversity.

viii. **Operating across the three stages of Relief, Restructuring and Resilient Recovery, four thematic pillars anchor a selective WBG crisis response.** The *relief stage* involves emergency response to the health threat posed by COVID-19 and its immediate social, economic and financial impacts. As countries bring the pandemic under control and start re-opening their economies, the subsequent *restructuring stage* focuses on strengthening health systems for pandemic readiness; restoring human capital; and restructuring, debt resolution and recapitalization of firms and financial institutions. The *resilient recovery stage* entails taking advantage of new opportunities to build a more sustainable, inclusive and resilient future in a world transformed by the pandemic.

ix. The four thematic pillars of the WBG crisis response are aligned with its comparative advantages. The pillars comprise:

- World Bank emergency support to health interventions for *saving lives* threatened by the virus.
- WBG social response for *protecting poor and vulnerable people* from the impact of the economic and social crisis triggered by the pandemic.
- WBG economic response for *saving livelihoods, preserving jobs, and ensuring more sustainable business growth and job creation* by helping firms and financial institutions survive the initial crisis shock, restructure and recapitalize to build resilience in recovery.
- Focused WBG support for *strengthening policies, institutions and investments* for resilient, inclusive and sustainable recovery by Rebuilding Better.

x. Interventions under all pillars should keep a clear line of sight to resilient, inclusive and sustainable recovery. The stages and crisis response pillars do not have absolute boundaries. They inform and interact with each other. The stages within each crisis response pillar can overlap both chronologically and in terms of types of activities. Pillar 4 interventions on strengthening policies and institutions for Rebuilding Better, in particular, plays an essential role from the start in helping countries maintain a focus on their long-term development goals across all four pillars – even as they fight the coronavirus. Rebuilding Better is about achieving resilient, inclusive and sustainable recovery. It entails avoiding early policy mistakes such as those that treat private business poorly (e.g. delaying payment to government suppliers, defaulting on independent power producers, debt moratoriums, continuation of subsidies and support to old technologies) which may permanently destroy viable enterprises, or limit potential competitiveness of new ones, and will deter future private investment. This can help ensure that emergency-related short-term government actions keep a clear line of sight on supporting the recovery and long-term development goals as embodied in the 2030 Agenda for achieving the Sustainable Development Goals.

xi. Successful crisis response at the country level depends critically on macroeconomic stability and a strong fiscal framework – including debt transparency. Policy and institutional reforms must support progress across all four pillars. Strong recovery will also require ensuring that debt management, debt transparency and debt sustainability are firmly embedded in policymaking. Policy action and financing to ensure adequate fiscal space for crisis interventions and maintenance of service delivery are essential. Measures to improve expenditure oversight and control can identify quick wins for increasing fiscal space and are also critical to ensure fiscal resources for relief and recovery – including budget support under WB DPFs – are used efficiently and transparently. The joint WB/IMF appeal helped pave the way for the G20 Debt Service Suspension Initiative announced in April. However, much more is needed for both LICs and MICs.

xii. The WBG crisis response takes into account the Twin Goals and the Forward Look, and reflects corporate priorities – including those set out as part of the IBRD/IFC capital package and as part of the IDA19 replenishment. The massive unemployment generated by COVID-19 highlights the importance of Jobs and Economic Transformation. The pandemic puts added urgency on Gender and Development across all four pillars. Maintaining a strong focus on Climate Change in the early stages of crisis response is critical to maintaining a line of sight to long-term goals. All elements in each pillar of the WBG response, across all three stages, are being designed in an FCV-sensitive manner. The crisis has reinforced the relevance of good Governance and Institutions. The recovery and long-term development prospects of IDA countries will require a sharpened focus on

the four cross-cutting issues under IDA19: debt, technology, human capital, and disability inclusion.

xiii. **The COVID-19 pandemic demands WBG engagement with unprecedented speed, scale and selectivity.** Not all client demands can be met. The WBG will customize the design of response programs at the country level, including the most appropriate mix of instruments, to meet the specific needs and circumstances of each country. Many operations will combine governments' ongoing medium-term reforms with measures needed to respond to the crisis. Progress of the COVID-19 crisis support responses across all four pillars will be tracked at the corporate, regional, country levels, and within each operation.

xiv. **As of June 1, the Bank had approved US\$5.9 billion for emergency health support to 104 countries and IFC committed US\$2.6 billion to be deployed in over 35 countries.** Early responses by IFC and MIGA complement each other as well as the early action by the World Bank. IFC phase 1 is under implementation: on March 17, 2020, the Board of Executive Directors approved the US\$8 billion IFC Fast Track COVID-19 Facility. Preparation of IFC phase 2 is well advanced and aims at addressing the private sector needs during the restructuring and recovery stages. MIGA has redirected its program to launch a US\$6.5 billion Fast-track Facility.

xv. **Supported by the 2018 IBRD and IFC Capital Increase and the IDA19 Replenishment, the WBG can provide up to US\$160 billion over the 15 months spanning FY20Q4 and FY21, based on each institution's existing financial sustainability framework.** This will be complemented by a major push on analytical and advisory services for clients. Regarding potential World Bank country envelopes in FY21:

- Three-fourths of the frontloaded IDA resources will be provided directly to countries as country allocations – which provide unearmarked country envelopes – and the remainder from IDA windows which complement these resources and address thematic issues.
- Additional volumes would be available to countries to the extent that they can cancel projects that are low-performing or no longer priority. In order to encourage such cancellations, countries will be allowed to keep the exposures freed up by any projects they cancel.

xvi. **For IBRD, country lending envelopes for FY21 will need to reconcile high demand with supply considerations, paying due attention to avoid a first-come first-served approach.** Even after efforts to reprioritize the pipeline and repurpose the portfolio, the demand for IBRD in FY21 is expected to exceed available financing. Lending envelopes will be guided by principles aligned with operational, financial and development objectives, including considerations of equity across members, commitments made in the 2018 Capital Package regarding shares to countries above and below the Graduation Discussion Income threshold, consistency with IBRD's exposure management framework including single borrower limits, and – crucially – the need to direct resources where they are needed most.

xvii. **Beyond FY21, the World Bank may face constraints on its financial capacity to provide robust client support for resilient and sustainable recovery.** Exploring options to strengthen World Bank capacity for supporting the restructuring and recovery stages requires an assessment of the longer-term resource gap between Bank capacity and country needs in the post-COVID-19 world, including linkages with the WB/IMF debt sustainability assessments during the period of the G20 DSSI and beyond. This merits further consultation with shareholders and IDA Deputies.

xviii. **While IFC's pre-COVID-19 capital position was strong, potential losses due to the COVID-19 crisis may constrain IFC's overall financial capacity.** The deliberate slowdown in equity commitments over the past 4 years and the recently approved IFC capital increase did set IFC up well for a strong response to the economic effects of the COVID-19 outbreak and the ensuing economic crisis faced by existing IFC clients and other private sector players in EMDEs, provided its capital increase encashments proceed as expected. Current estimates indicate that IFC can provide adequate financial support in FY21 in short-term, long-term and mobilized funds through guarantees, debt and equity products. IFC's financial capacity and ability to adequately support all client countries' during the restructuring and recovery stages support beyond FY21 will depend on the speed of the IFC capital increase encashments, as well as on the depth and length of the economic crisis as it affects the performance of IFC's portfolio, especially equity investments.

xix. **Scaled-up worldwide action will be critical for overcoming the COVID-19 pandemic.** Partnerships with the IMF, Multilateral Development Banks, UN system, foundations, Parliamentarians, the private sector and CSOs are at the core of the international effort to beat the pandemic. The WBG's crisis response complements and enables the crisis responses of a worldwide and diverse coalition of local and international partners. Key priorities include coordination on developing a vaccine and on support to FCSs. Collaboration will be pursued operationally at the corporate and country levels with participation of Bank staff worldwide.

xx. **As COVID-19 continues to wreak havoc across the world, the World Bank Group is stepping up exceptional, selective support to help client countries in the relief and restructuring stages, and to regain momentum on the Twin Goals through Rebuilding Better.** Operating with speed, agility, adaptive learning, flexibility and mid-course adjustments will be critical.

Introduction – An Exceptional Response to an Unprecedented Crisis

1. **The COVID-19 pandemic jeopardizes global development gains and goals on an unprecedented scale, and the World Bank Group is mounting an exceptional approach to saving lives and scaling up selectively for impact** (Box 1). Global gains at risk include not only health, poverty and shared prosperity, but also progress on fragility, conflict and violence, hunger, climate change, jobs, the environment and gender equality. The WBG is repositioning from regular operations to mount an exceptional crisis response to help developing countries address spillover effects from the massive sudden stop in global economic activity just as they themselves are hit by the coronavirus. The approach builds on discussions and engagements with Executive Directors and Governors over the past three months.
2. **The WBG's objective is to assist countries to meet the dual challenge they now confront: (i) addressing the health threat, and the social and economic impacts of the COVID-19 crisis, while (ii) maintaining a line of sight to their long-term development vision.** The WBG COVID-19 crisis response is aligned with its comparative advantages and anchored in longstanding core principles – which taken together guide selectivity. The WBG's approach focuses on helping countries address the crisis and transition to recovery through a combination of saving lives threatened by the coronavirus, protecting the poor and vulnerable, maintaining the foundations for the private sector, and strengthening the policies and institutions for resilience based on transparent, sustainable debt and investments. The WBG crisis response is grounded in the policy packages for the 2018 IBRD and IFC Recapitalization and the IDA19 Replenishment, as well as existing corporate strategies, including gender equality, climate resilience and FCV. With strong coordination across the WBG, the approach emphasizes public-private joint interventions to scale up private sector solutions, staying closely focused on results. The WBG's crisis response complements and enables the crisis responses of a worldwide, diverse coalition of local and international organizations.
3. **The WBG approach reflects its long-term development mission.** The WBG approach seeks to safeguard its clients' hard-won development gains – in areas within its mandate including health, sustainable infrastructure, gender equality and the environment – from the full brunt of the crisis by supporting crisis response programs aligned with client countries' long-term development visions. Core principles include transparency; fair and equitable burden-sharing; strong focus on poverty, inequality and inclusion; respect for the rule of law; and preservation and strengthening of institutional capacities – as well as commitment to building human and natural capital, and to preserve global public goods like public health, climate and biodiversity. Complementing these efforts, and equally important, is sustained support for private sector activities in client countries through direct financing and advisory engagements as well as indirectly through liquidity funding and advice to financial institutions and intermediaries.
4. **To meet unprecedented client demand across regions, the WBG is scaling up to provide a record US\$160 billion to clients over 15 months** including funding from IBRD, IDA, IFC, MIGA, trust funds and portfolio reallocations. Still, this will not meet all demands. Further exceptional support will be required in FY22, and likely beyond, given the expected depth of the economic and social impact of the COVID-19 crisis, and the complexities and uncertainties of the recovery to follow. As a first, step, the WBG has pivoted quickly make available emergency support of US\$14 billion to help developing countries in their efforts to contain and mitigate the immediate health crisis and initial economic fallout. As of June 1, the Bank had committed US\$5.9

billion of this financing to 104 countries;^{1,2} while IFC had committed US\$1.8 billion in trade finance in 35 countries, and US\$850 million in medium and long-term financing to be deployed in 25 countries.

Box 1. WBG COVID-19 Crisis Response – Scaling up Selectively for Impact

The comparative advantage of the World Bank Group comes from the powerful combination of country depth and global breadth, public and private sector instruments and relationships, multisector knowledge and practitioner expertise, and the ability to mobilize and leverage financing. This provides the Bank with the capability to respond to multidimensional crises such as COVID-19. At the same time, the WBG's resources are limited and it is committed to serve all clients. Therefore, its crisis response must focus on scaling up selectively for impact. Core principles guide this process, fighting poverty and promoting shared prosperity, sustainability, inclusion, fair burden-sharing, transparency, governance and respect for the rule of law.

In responding to the COVID-19 crisis, the initial response has focused on **saving lives by helping countries fight the pandemic** – a fire that must be put out. Selectively scaling up for fighting the pandemic involves operating through partnerships, for example, with organizations equipped to work at the community level in FCSs. It also means ensuring that countries have enough resources to overcome the pandemic and not slide back before the curve is flattened.

The next priority is **to protect the poor and vulnerable impacted by the social and economic crisis set off by the pandemic**. Selectively scaling up to protect the poor and vulnerable operates through catalytic effects, for example, by helping countries expand existing social protection delivery systems to reach excluded groups or the newly poor. Governments can use these enhanced systems to channel not only the Bank's support, but also their own funds and/or other donor support, with due consideration of inclusion.

Shared prosperity in the COVID-19 context prioritizes **securing the foundations of the economy during the immediate crisis, restructuring firms and sectors, and promoting sustainable growth and job creation in the recovery**. Here, selectively scaling up takes on a different form, particularly in the emergency relief phase, where incremental approaches are unlikely to have lasting impact. The WBG can help countries scale up through public-private joint interventions that can channel resources at larger scale, leveraging public and private sector resources as well as Bank and IFC financing and advisory products. To be effective, however, governments will need to have the resources to extend such approaches to cover a critical mass of firms, sectors and financial institutions.

With an eye on the future recovery, in the relief and restructuring stages, the WBG can help **scale up impact of its health, social and economic responses through policy-based lending to support a limited and feasible set of policy actions**. In some countries, however, this quick-disbursing support, even when combined with that of the IMF and MDBs, may not be adequate – particularly in countries where COVID-19 is causing a major increase in debt vulnerabilities or a significant reduction in creditworthiness. In such contexts, effective scaling up may require broader international action such as debt relief (for LICs) or credit enhancements (for MICs).

Finally, as countries transition to recovery, sectors across the economy will need support to recover and build resilience in a transformed world. In this context, the **WBG approach to selectivity and scaling up will transition towards pre-crisis modalities based on country partnership frameworks and shaped by a limited set of focus areas likely to require new approaches**.

¹ Refers to the Fast Track COVID-19 Facility, includes new financing under the MPA and reprogramming of existing portfolio.

² <https://www.worldbank.org/en/about/what-we-do/brief/world-bank-group-operational-response-covid-19-coronavirus-projects-list>

5. The ambition of the WBG crisis response is to help client countries assist at least one billion people impacted by the COVID-19 crisis and to restore forward momentum toward the Twin Goals. The Approach Paper sets the stage for consultations on medium-term considerations for maintaining a high level of focused support for resilient and sustainable recovery. Bolstered by contributions from the 2018 Capital Package for IBRD and IFC and the IDA19 Replenishment, the WBG is stretching to deliver an unprecedented envelope of crisis support during the next 15 months. Beyond FY21, the WBG may face constraints on its internal resources that would reduce net transfers right at the time when client countries are beginning to turn the corner and urgently need the WBG’s exceptional support to continue. Action and tradeoffs will be needed to ensure the financial capacity to sustain a robust, selective response in the medium term.

6. The Approach Paper outlines a detailed and longer duration approach to crisis response that fully integrates the efforts and resources of the World Bank, IFC and MIGA to maximize synergies for clients. The paper provides an umbrella for all elements of the WBG crisis response either under implementation or under preparation. The paper builds on earlier WBG assessments of the COVID-19 pandemic. This includes the March Board paper³ which provided an initial impact assessment, outlined the directions of the response beyond emergency health support, and provided information on the WBG’s financial capacity. Since that time, the COVID-19 crisis has expanded rapidly in scope and scale, together with clear indications that the recovery will be more difficult and take longer than anticipated. Financing requests from client countries and firms have continued to multiply.

7. The Approach Paper comprises six sections. This introduction is followed by an examination in section I of the unprecedented global health, economic and social crisis triggered by the COVID-19 pandemic. The analysis covers the impact on jobs, poverty and financing needs. Sections II and III present a selective WBG crisis response in terms of thematic priorities aligned with the WBG’s comparative advantages, and the operational toolkit needed to deliver record levels of support in record time. The Approach Paper then turns in section IV to the implications for the financial capacity of the WBG institutions and how the WBG can continue responding to the exceptional crisis-related needs of its clients within its established financial sustainability frameworks. Section V follows with a discussion of WBG efforts to contribute to the broad international coalition needed to deliver a package of coordinated support at the scale necessary – focusing on areas where the WBG has the capabilities to take a leading role. Section VI closes with conclusions and issues for discussion.

³ WBG Additional Response to the COVID-19 Crisis: Addressing the Economic and Social Implications, March 27, 2020.

I. An Unprecedented Crisis

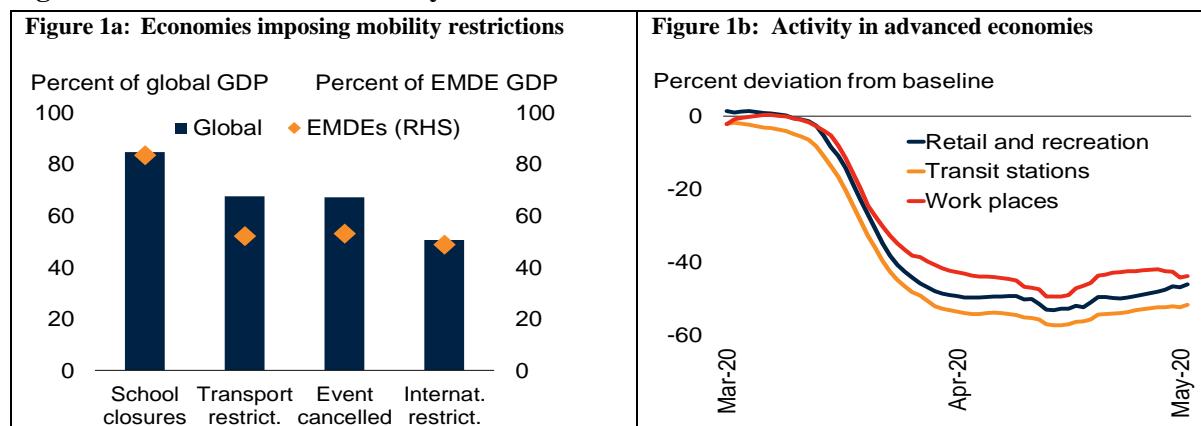
8. **The ripple effects of the COVID-19 pandemic stretch far and wide, affecting lives, livelihoods, communities, businesses, national economies and the global economy.** Growing from an international health emergency in January 2020 to a global pandemic by mid-March 2020, there were 6.2 million confirmed cases and 372 thousand confirmed deaths across 188 countries as of June 1, 2020.⁴ These figures likely underestimate the true prevalence of the virus by a wide margin, as testing remains very limited in most countries. Not since the Spanish Flu pandemic of 1918 has the world been brought to a near standstill by a deadly contagion.⁵ The coronavirus' spread has severely challenged even the world's top health systems – emerging as the leading cause of death in the United States. Associated lockdowns and travel restrictions have upended life for billions of people with far-reaching effects, even as lockdowns are eased in some countries. The number of new COVID-19 cases worldwide is accelerating, with more than 100 thousand now reported daily, and the pandemic's geography is shifting. Reported new infections have recently shown signs of tapering in advanced countries hit hard early on, but they are now rising rapidly in some developing countries in Asia, Africa, Latin America and the Middle East.⁶

9. **The COVID-19 pandemic has triggered what is likely to be the deepest global recession since World War II.** Disruptions in labor supply and consumer demand, as well as global and local supply chains, global trade, travel and tourism, have been compounded by large capital outflows from emerging markets and sharply tighter global financing conditions for countries and firms alike. Commodity prices are depressed by the steep decline in demand. Beyond the staggering economic impacts, the human toll of COVID-19 is incalculable. The pandemic has forced school closures in 191 countries affecting at least 1.5 billion students. It hits the poor and vulnerable hardest with prospects of increased poverty and worsened inequality worldwide.

Economic Impacts for Advanced and Developing Countries

10. **Advanced and emerging market economies that have implemented at least one form of major mobility restriction account for over 80 percent of global GDP (Figures 1a and 1b).**

Figure 1a-1b. COVID-19 Mobility Restrictions



⁴ <https://coronavirus.jhu.edu/map.html>, Johns Hopkins Center for Systems Science and Engineering.

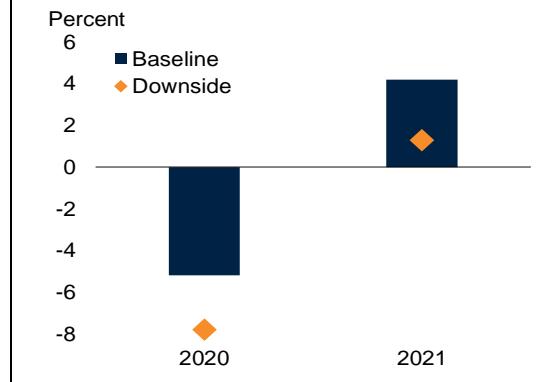
⁵ The Spanish Flu infected an estimated 500 million people and killed an estimated 50 million. cdc.gov › flu › 1918-pandemic-h1n1

⁶ World Health Organization COVID-19 Dashboard (<https://covid19.who.int/>).

Major mobility restrictions to enforce social distancing include school closures, public transport restrictions, event cancellations or international travel restrictions. As a result of these restrictions, economic activity has effectively collapsed in many sectors (Figure 1b) even as some of the restrictions are now being eased.

11. The range of global growth outcomes in 2020-21 remains exceptionally uncertain, with the World Bank now projecting negative growth for over 150 countries in 2020. The outcome will depend on the extent and effectiveness of mitigation measures and policy responses, and on spillovers from major economies – especially for smaller, highly open countries. Two scenarios help illustrate the range of possibilities (Figure 2).⁷ In the baseline scenario, three months of mitigation measures would stem the pandemic in the affected countries; however, the subsequent recovery would be hesitant, as households only slowly increase consumption and firms hold back on raising investment amid subdued confidence. The world economy would shrink by 5.2 percent in 2020 before rebounding in 2021; by comparison, during the Global Financial Crisis (GFC), the world economy shrank by less than 2 percent in 2009.

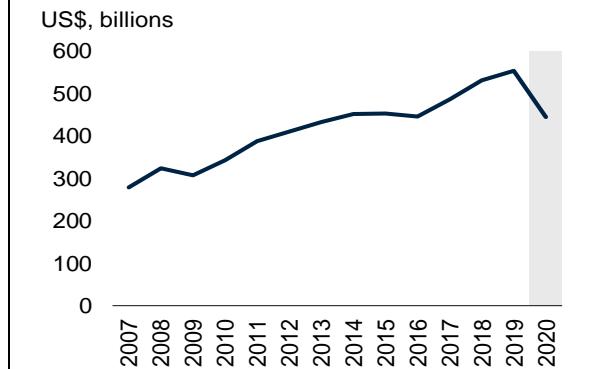
Figure 2. Global growth scenarios



12. In the downside scenario, weak firms would exit, vulnerable households would sharply curtail consumption and travel would remain deeply depressed – assuming additional months of stringent lockdown measures would be required. Persistent financial market turmoil would cause a notable spike in bankruptcies worldwide and likely trigger serious bouts of financial distress. The prolonged period of stringent lockdowns would weigh heavily on advanced economies (AEs), with output contracting by nearly 10 percent in 2020, while output in EMDEs would shrink by almost 5 percent. In all, in this downside scenario, world output would contract by almost 8 percent in 2020 (roughly equivalent to the combined GDP of France, Italy, and Spain) and the recovery in both AEs and EMDEs would be markedly sluggish. For EMDEs in particular, an extended period would be needed for output to reach pre-crisis growth trajectories.

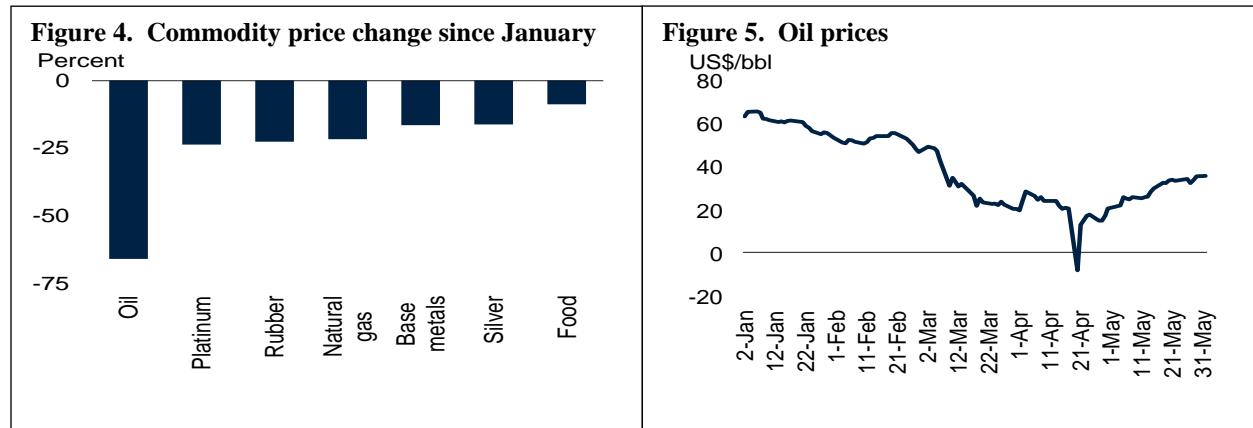
13. Respecting no borders, COVID-19 has triggered multiple shocks to emerging market and developing economies. For the first time in at least sixty years, emerging market and developing economies are likely to contract. The recession in advanced economies is hitting EMDEs through shocks to trade flows and tourism, remittances and commodity prices, as well as a sudden reversal of capital flows. Remittances are projected to drop by 20 percent in 2020 (Figure 3). Most commodity prices have fallen sharply (Figure 4), while oil prices suffered a record collapse before recovering somewhat

Figure 3. Remittances to low- and middle-income countries

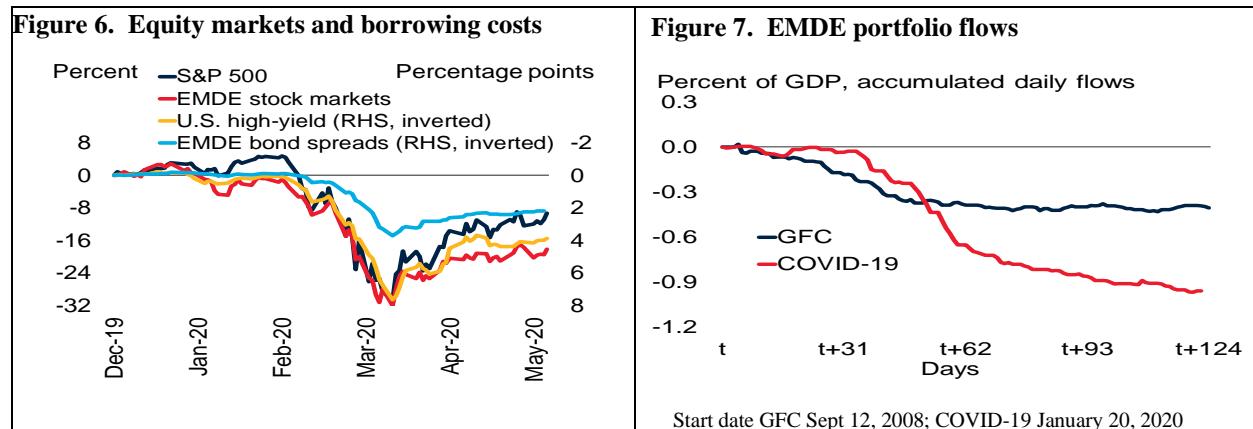


⁷ Global Economic Prospects (GEP), World Bank, June 2020. All charts in Chapter I are from World Bank Prospects Group unless otherwise noted.

(Figure 5). At the same time, EMDEs face a parallel shock as the pandemic spreads to their populations and lockdowns proliferate. Heightened risk aversion and a flight to quality have driven down asset valuations and EMDE bond spreads have spiked. According to a rapid assessment of existing clients by IFC, the most significant impacts in the real sector have, so far, been in: (i) discretionary consumption and service-related sectors which face declining demand such as travel, logistics and tourism, and (ii) companies with global supply chains which confront disrupted operations including automotive, electronics, agribusiness and textile industries. Local surveys show 50-60 percent of SMEs and companies are affected in most countries and point to knock-on impacts on financial institutions' short-term liquidity and long-term solvability that affect their ability to support recovery.



14. When the initial shock hit in March-April 2020, capital outflows from EMDEs far outpaced the worst days of the Global Financial Crisis. Flight to safety resulted in a marked widening in spreads on higher-risk debt, triggering a sharp tightening of EMDE financing conditions (Figure 6). EMBI spreads have, on average, widened by over 70 percent since the start of the year. Issuance of new debt by many EMDEs was delayed amid weak global demand – international bond issuance over the March-April period was down by nearly 50 percent compared to 2019.⁸ Capital flows to EMDEs turned markedly negative. Net portfolio outflows from EMDEs during late March were the largest on record and continued into the first half of April (Figure 7). EMDE currencies also depreciated sharply. While portfolio flows to EMDEs have subsequently stabilized, most new borrowing has been by governments with greater debt and investment transparency, stronger policies and institutions, and consequently investment-grade ratings.



⁸ WB Treasury.

15. **While all developing countries are being hit by direct and indirect impacts of the pandemic, they are not affected equally.** Many EMDEs have characteristics that make them particularly vulnerable to the COVID-19 pandemic and its impacts. The emerging food crisis in certain sub-regions of Sub-Saharan Africa (SSA) could worsen, and food insecurity could spread much more widely across the developing world. Key vulnerabilities include:

- *Weak health systems and inadequate pandemic preparedness.* Countries with weak and under-resourced health systems will likely be much more adversely affected by the pandemic. Health systems in many EMDEs, and particularly in FCV settings, have severely limited infrastructure, lack of access for vulnerable populations, chronic lack of funds and underinsured populations – resulting in poor health outcomes. In 2016, five million deaths in low- and lower-middle income countries occurred due to poor-quality care, while 3.6 million were due to non-utilization of health care.⁹
- *Dependence on trade and tourism.* EMDEs highly open to trade or deeply integrated in global supply chains will be hit hard by the collapse in global trade. In several East Asian countries, for example, foreign inputs account for 50 percent or more of domestic exports, making them very vulnerable to supply chain disruptions. In response to spread of the COVID-19 pandemic, fully 100 percent of global travel destinations had some form of travel restriction in place by the end of April 2020.¹⁰ EMDEs heavily reliant on tourism, including many small states, will see a sudden stop in a major source of income because of travel restrictions and pandemic-related fears keeping tourists at home.
- *Financial vulnerabilities.* EMDEs with large financing needs – including wide current account or fiscal deficits, and/or large public and private debt burdens – are particularly vulnerable to a sharp increase in borrowing costs or limited access to financing and markets. Total (public and private) EMDE debt reached a record high of almost 170 percent of GDP in 2018, an increase of about 55 percentage points since 2010. In LICs, total debt was 67 percent of GDP in 2018, up from 48 percent in 2010.
- *Commodity exporters.* Almost two-thirds of EMDEs are commodity exporters and will experience severe growth headwinds due to declining prices and demand. Many commodity exporters have more limited buffers to counter the commodity price shock with fiscal policy than before the 2009 global financial crisis.

Emerging Global Jobs Crisis

16. **Billions of jobs are under threat worldwide, with four out of five people in the global workforce affected by full or partial pandemic-related workplace closures.**¹¹ Half of the world's workers could lose their jobs because of the pandemic according to the ILO. Nearly 80 percent of the world's informal economy workers – 1.6 billion people – have faced COVID-19 lockdowns and slowdowns in hard-hit industries including wholesale and retail, food and hospitality, tourism, transport and manufacturing. Women's over-representation in these sectors

⁹ Kruk M, Gage A, Joseph N, Danaei D, Garcia-Saiso S, Salomon J, 2018. *Mortality due to low-quality health systems in the universal health coverage era: a systematic analysis of amenable deaths in 137 countries*. The Lancet.

¹⁰ UN World Tourism Organization, 28 April 2020.

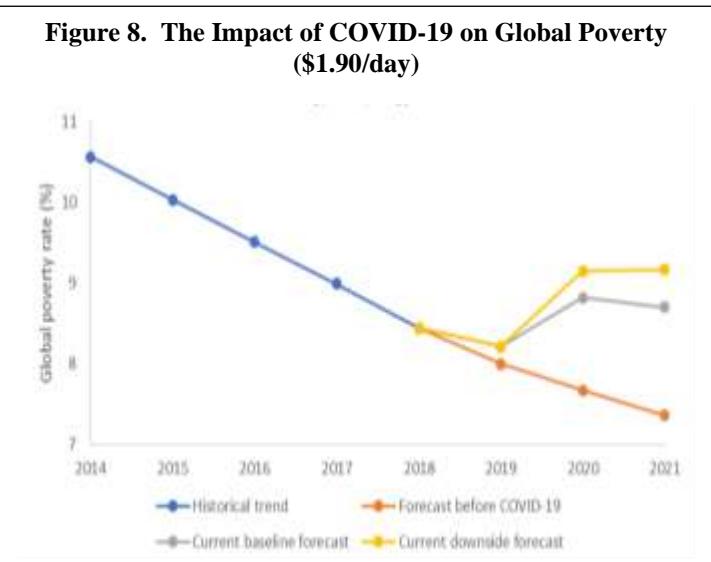
¹¹ ILO Monitor: COVID-19 and the World of Work, Second and Third Edition, April 29, 2020.

heightens their vulnerability to poverty in times of crisis. As the informal sector accounts for up to 90 percent of workers in some emerging economies,¹² the implications of lost wages will cascade from households to communities to entire societies. Without appropriate policy measures, these workers face higher risk of falling into poverty and greater challenges in regaining their livelihoods during the recovery period.¹³ A prolonged and widespread crisis in EMDEs could force firms to scale back further including more layoffs and/or reduced compensation. This is particularly applicable for MSMEs which predominate in EMDEs. A collapse of firms will break relations with workers that will be difficult to regain quickly once recovery begins.

17. Remittance flows are expected to fall by one-fifth in 2020, down by US\$109 billion from US\$554 billion last year. Worker remittances from abroad offer an economic lifeline for many families and a catalyst for improved human development outcomes. Remittance flows to East Asia and the Pacific are projected to fall by 13 percent in 2020; an even steeper decline is projected for Africa and South Asia with flows shrinking by 23 percent and 22 percent respectively. Importantly, remittances in GDP terms tend to be largest in poor countries (8.9 percent in 2019), small island developing states (7.7 percent), and those in fragile and conflict-affected situations (9.2 percent).¹⁴

The Human Toll: COVID-19's Impacts on the Poor and Vulnerable

18. Millions of people will fall into extreme poverty, while millions of existing poor will experience even deeper deprivation, as a result of the COVID-19 pandemic. This could cause the first increase in global poverty since 1998 (Figure 8). According to a baseline scenario prepared by the World Bank based on the June GEP,¹⁵ 73 million more people could be living in extreme poverty in 2020 – nearly one-half of these would be in South Asia and one-third in SSA – than was forecast before the crisis. This will mean an estimated additional 18 million extremely poor people in FCS countries. At the US\$3.20 per day poverty line, 175 million more people are now projected to be poor in 2020 – many of them newly poor. Extreme poverty is likely to persist at these higher levels in 2021 and potentially beyond.



19. Bank staff have prepared a matrix of potential alternative poverty outcomes depending on the impact of the crisis on per-capita incomes and on inequality – which is important given the exceptional uncertainties regarding the depth of the crisis. As shown in Table

¹² WDR 2019: The Changing Nature of Work. Some 75 percent of firms in Peru are informal, for example, while informal businesses outnumber formal firms by a factor of 9 to 1 in Mozambique's three largest cities. Also see, *Shedding Light on the Informal Economy*, Jolevski and Aga. World Bank, 2019.

¹³ ILO, *ibid*.

¹⁴ Migration and Development Brief #32: COVID-19 Crisis Through a Migration Lens. World Bank, April 2020.

¹⁵ DEC Data Group in collaboration with the Poverty and Equity Global Practice.

1, a bigger recession in 2020 would amplify the poverty impact, as would an increase in inequality. If, for example, GDP were to contract by an additional three percentage points on average across countries – in line with the GEP downside scenario – and inequality were to rise by two percent, then the increase in the extreme poor, compared to pre-crisis projections, would nearly double to approximately 130 million, and the number of additional poor living below US\$3.20 per day would increase to approximately 270 million.¹⁶ A deeper recession and/or bigger rise in inequality would push the increase in poverty even higher as depicted in Table 1. Again, these larger increases in poverty than in the baseline scenario would likely persist into 2021 and possibly beyond.

Table 1. Scenarios for Global Poverty in 2020 Relative to Forecasts before COVID-19

			Impact on global poverty headcount (millions)				Impact on global poverty rate (percentage points)			
			Increase in each country's Gini				Increase in each country's Gini			
			no change	1%	2%	5%	no change	1%	2%	5%
\$1.90 poverty line	Growth in each country's real GDP per capita	GEP Baseline	73	90	107	161	0.9	1.2	1.4	2.1
		GEP Downside	99	117	132	189	1.3	1.5	1.7	2.4
		2pp less than downside	123	141	158	215	1.6	1.8	2.0	2.8
\$3.20 poverty line	Growth in each country's real GDP per capita	GEP Baseline	175	201	222	296	2.3	2.6	2.9	3.8
		GEP Downside	228	251	272	341	2.9	3.2	3.5	4.4
		2pp less than downside	277	301	319	390	3.6	3.9	4.1	5.0

20. The pandemic is exacerbating important specific risks for women and threatening gains on gender equality. With 740 million women globally in informal employment and a majority employed in services, women are particularly hard hit by the crisis. Women often face lost opportunities and reduced financial independence due to school closures and increased unpaid family care; heightened risk of disease exposure due to their role as caregivers and health workers; and due to disruptions in sexual, reproductive, and maternal health services.¹⁷ Lockdowns have seen sharp increases in domestic and gender-based violence (GBV) – some countries are reporting a substantial increase in emergency calls for domestic violence cases.^{18 19} Violence against health workers – 70 percent of whom are women – has been reported.²⁰ Women have also seen decreased

¹⁶ The baseline and downside scenarios for global poverty are based on the baseline and downside scenarios for country-by-country GDP in the June GEP. See: Lakner, Christoph; Mahler, Daniel Gerszon; Negre, Mario; Prydz, Espen Beer.

Forthcoming. How Much Does Reducing Inequality Matter for Global Poverty (English). Global Poverty Monitoring Technical Note; 13. Washington, D.C.: World Bank Group.

¹⁷ Bali, Sulzhan, et al. "Off the back burner: diverse and gender-inclusive decision-making for COVID-19 response and recovery." BMJ Global Health 5.5 (2020): e002595.

¹⁸ <https://www.unwomen.org/-/media/headquarters/attachments/sections/library/publications/2020/issue-brief-covid-19-and-ending-violence-against-women-and-girls-en.pdf?la=en&vs=5006>

¹⁹ <https://news.un.org/en/story/2020/04/1061052>

²⁰ https://www.unfpa.org/sites/default/files/resource-pdf/COVID-19_A_Gender_Lens_Guidance_Note.pdf

access to services, including vital sexual and reproductive health services, crisis centers, shelters, legal aid and protection services.

21. COVID-19 is deepening existing sources of fragility and exacerbating instability in FCV settings. The crisis could fracture the social contract in situations where governments are unable to respond effectively to the public health and economic crises. Containment measures adopted to curtail the spread of the virus may be perceived to restrict civil and political liberties (e.g. curfews, banning demonstrations, enforcement via police/military violence, restricting media, benefitting certain groups/regions at the expense of others). These occurrences may exacerbate existing, or create new, societal fault lines (based on identity, political allegiance, or regional disparities). Government responses could result in a lasting legacy, creating new cycles of repression and leading to higher levels of unrest and violence. The macroeconomic contraction, shortfalls in humanitarian aid, and uneven responses by the state could also reinforce inequalities, and fuel exclusion and grievances by diverting scarce resources. In some cases, violent extremist groups have begun to take advantage of the crisis to step up attacks. In this context, responses to the COVID-19 crisis should pay particular attention to fragility risks in the design and implementation of programs.

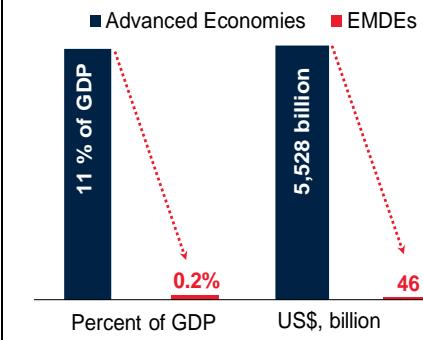
Policy Responses: Stepping up Support for EMDEs

22. Most developing countries lack the resources required to mount an adequate emergency crisis response on their own without undermining macroeconomic stability. Many EMDEs already faced growing debt risks which will be exacerbated by the crisis, and COVID-19 is likely to dampen long-term growth prospects for EMDEs overall through the impact on investment and human capital. While countries across the globe have introduced unprecedented and wide-ranging packages of policy support in response to the crisis, the amount of support has been generally much greater in advanced economies than in EMDEs – much of Africa, the Middle East and parts of Latin America and the Caribbean have been left behind.

23. Major economies have been able to implement massive monetary and fiscal packages that EMDEs cannot match. Central banks in AEs have used much larger unconventional measures such as quantitative easing (Figure 9). The balance sheets of the US Federal Reserve, ECB and Bank of Japan expanded by a combined total of US\$3.8 trillion over the March-April 2020 period.²¹ Regarding fiscal policy support, the amount of support (both in dollar terms and as percent of GDP) has generally been much greater in advanced economies than in EMDEs. Among the G7, for example, announced fiscal support has ranged from US\$2.5 trillion in the United States to US\$500 billion in the UK.

As a share of GDP, G7 fiscal packages are in the range of 12-20 percent. In comparison, while most EMDEs have announced fiscal support packages, these have averaged about four percent of GDP; packages in developing countries with wider fiscal space average nearly two percentage points more than those in countries with narrower space.

Figure 9. Unconventional monetary policy in AEs and EMDEs



²¹ World Bank Treasury.

24. The sudden reversal of capital flows has helped finance the exceptional fiscal packages in the advanced economies but has left EMDEs exposed.²² For EMDEs, strong external support is essential to help prevent long-lasting damage that would lower potential growth for an extended period after the crisis, with grave impacts on poverty and inequality. The IMF, World Bank and MDBs have all moved quickly to mount a comprehensive and coordinated response that builds on lessons learned from past crises such as the avian flu outbreak in 2004 and the 2008-09 Global Financial Crisis. Financial support from IFIs alone will not suffice. The G20 Debt Initiative announced in April represents an important step forward, but much more broad-based international action is needed for both LICs and MICs.

25. The scale of the financing challenge for developing countries is measured in trillions of US Dollars. Additional financing needs for developing countries arising from the COVID-19 crisis will likely be exceptionally high and persist over the medium term. While most upper-middle-income countries can expect to see their access to capital markets progressively restored, albeit at potentially higher spreads, prospects for many LMICs and LICs are likely to remain uncertain for a prolonged period. Nearly all developing countries will face higher public and external debt burdens than before the crisis. Economic activity will not recover immediately, with negative implications for domestic revenue mobilization and foreign exchange earnings. Public sector financing needs will be significantly above pre-crisis levels with revenue bases impaired and unplanned expenditures on crisis recovery and higher debt service – all added to pre-crisis programs and services that will urgently need to be restarted. Private sector financing needs will also soar as many firms and financial institutions will need urgent restructuring and recapitalization. External financing gaps for active IDA countries could be in the range of US\$25-100 billion per year – assuming that incremental financing needs arising from the crisis are in the range of 2.5-10 percent of GDP per year and that only half of these needs can be met internally. For IBRD borrowers (representing approximately one-third of MIC GDP), the equivalent range is US\$150-600 billion annually. If the share of external financing required turns out to be higher, then the financing gaps will increase accordingly (see Table 2 in Chapter IV).

26. Swift international action to help EMDEs will mitigate critical global risks. These risks include heightened potential of future contagions, social tensions and unrest, and new waves of displacement and migration.²³ While millions of lives and livelihoods are at risk in both the developed and developing world, policy responses so far have heavily favored rich countries. Most EMDEs cannot mount an effective crisis response on their own, particularly given limited fiscal buffers and rising debt risks prior to the onset of the crisis. A coordinated, targeted and ambitious package of international support can help avoid a reversal of decades of development progress – thereby mitigating the impact of the crisis on poverty, gender gaps, fragility, conflict and instability. Income gaps between countries are the most potent driver of migration pressure, and income inequality is likely to rise due to the crisis.²⁴ Importantly, increased levels of inequality resulting from the crisis may also heighten risks of violent competition for access to economic resources and a breakdown of trust between neighbors and communities. This can lead to erosion of social cohesion, ‘scapegoating’, xenophobia, and violence.

²² The AEs issued US\$2.5 trillion in short and medium-term bonds over the March-April 2020 period, while international bond issuance by EMDEs was under US\$20 billion. Source: World Bank Treasury.

²³ COVID-19 Threatening Global Peace and Security, April 2020. <https://news.un.org/en/story/2020/04/1061502>

²⁴ Migration and Development Brief: COVID-19 Crisis through a Migration Lens. April 2020.

II. Proposed Framework for WBG Crisis Response

27. The WBG's objective is to assist countries to meet the dual challenge they now confront: (i) addressing the health threat, and the social and economic impacts of the COVID-19 crisis, while (ii) maintaining a line of sight to their long-term development vision. While the WBG is repositioning from regular operations to mount an exceptional crisis response, its interventions will remain aligned with the strategic directions set out in the Forward Look – first and foremost, the Twin Goals of eliminating extreme poverty and promoting shared prosperity in a sustainable manner. The crisis response incorporates policy commitments made under the 2018 Capital Packages of IBRD and IFC, and the IDA19 policy package (although certain targets under the IDA19 package may need to be adjusted to take account of the reallocation of resources to the crisis response). All elements of the WBG response are being designed in an FCV-sensitive manner. The crisis response also internalizes gender equality and sustainable growth in line with the Sustainability Checklist.²⁵

28. The WBG COVID-19 crisis response is aligned with its comparative advantages and anchored in longstanding core principles – which taken together guide selectivity. The comparative advantage of the World Bank Group comes from the powerful combination of country depth and global breadth, public and private sector instruments and relationships, multisector knowledge and practitioner expertise, and the ability to mobilize and leverage financing. This provides the Bank with the ability to respond to multidimensional crises such as COVID-19. At the same time, the WBG's resources are limited and it is committed to serve all clients. Therefore, its crisis response must focus on scaling up selectively for impact. Core principles guide this process, fighting poverty and promoting shared prosperity, sustainability, inclusion, fair burden-sharing, transparency, governance, and respect for the rule of law.

Three Stages of Crisis Response – Relief, Restructuring and Resilient Recovery

29. Operating across three stages, four pillars anchor a flexible and focused WBG response to the crisis rooted in its comparative advantages and tailored to the specific circumstances of client groups and individual countries (Figure 10). Each thematic crisis response pillar is structured around three stages of interventions, driven by the stages of the crisis. The immediate *relief stage* involves emergency response to the health threat posed by COVID-19 and its immediate social, economic and financial impacts. As countries bring the pandemic under control and start re-opening their economies, the subsequent *restructuring stage* focuses on strengthening health systems for pandemic readiness, restoring human capital, and restructuring of firms and sectors, debt resolutions for firms, as well as recapitalization of companies and financial institutions. The *resilient recovery stage* entails taking advantage of new opportunities to build a more sustainable, inclusive and resilient future in a world transformed by the pandemic.

30. The four thematic pillars of crisis response comprise: (i) Bank emergency support for health interventions aimed at *saving lives* threatened by the virus; (ii) WBG social response for *protecting poor and vulnerable people* from the impact of the economic and social crisis triggered by the pandemic; (iii) WBG economic response for *saving livelihoods, preserving jobs, and ensuring more sustainable business growth and job creation* by helping firms and financial

²⁵ <https://blogs.worldbank.org/climatechange/planning-economic-recovery-covid-19-coronavirus-sustainability-checklist-policymakers>

institutions survive the initial crisis shock, restructure and recapitalize to build resilience in recovery; and (iv) focused, cross-sectoral WBG support for *strengthening policies, institutions and investments* to achieve a resilient, inclusive and sustainable recovery by Rebuilding Better. Successful crisis response at the country level depends critically on macroeconomic stability and a strong fiscal framework – including debt management and debt transparency – as well as on policy, sectorial and institutional reforms to support progress across all four thematic pillars. The WBG will provide quick-disbursing financial and technical support to assist countries in crisis response. Policy-based support will be anchored in the long-term development vision embodied by Rebuilding Better.

Figure 10. WBG COVID-19 Crisis Response operates within the Forward Look

WBG COVID-19 CRISIS RESPONSE				
Eliminate Extreme Poverty and Promote Shared Prosperity in a Sustainable Manner				
		Capital Package Commitments		IDA19 Commitments & Special Themes
UN Agencies	IMF & MDBs	Private Sector	Vaccine Partnerships	Civil Society
			Macroeconomic Stability and Strong Fiscal Framework Flexibility and Adaptive Learning Bridging the Digital Divide	
WBG COVID-19 Crisis Response	Relief Stage	Restructuring Stage	Resilient Recovery Stage	
Pillar 1 Saving Lives	Public Health Emergency Health MPA & Project restructurings DPFs	Restructuring Health Systems Health MPA & new IPFs IFC Health Value Chain Platform	Pandemic-ready Health Systems Health MPA & new IPFs IFC LTF to pvt providers & manufacturers	
Pillar 2 Protecting the Poor & Vulnerable	Social Emergency Cash/in-kind transfers, CDD Projects, DPFs Project Restructurings Govt guarantees to MFIs	Restoring Human Capital Cash/in-kind transfers, CDD projects, DPFs new IPFs IFC recapitalization of strategic MFIs	Building Equity and Inclusion Cash/in-kind transfers, CDD projects, DPFs ASA on active labor market policies IFC lending to MFIs	
Pillar 3 Ensuring Sustainable Business Growth & Job Creation	Economic Emergency DPFs, FILs, P4Rs and IPFs IFC trade & working cap lines, MIGA instruments PPP Financing Vehicles	Firm Restructuring & Debt Resolution DPFs and IPFs IFC restructuring and recapitalization of firms PPPs, IFC LTF and MIGA instruments	Green Business Growth & Job Creation DPFs and IPFs IFC/MIGA instruments PPPs	
Pillar 4 Strengthening Policies, Institutions and Investments for Rebuilding Better	Maintain Line of Sight to Long-term Goals DPFs on fiscal strengthening & service delivery ASA for understanding COVID-19 related transformations, SME & MFI guarantee schemes ASA for debt sustainability, mgt and transparency	Policy and Institutional Reforms DPFs on policies and institutional reforms for restructuring & resilience ASA for restructuring ASA for tracking Twin Goals and SDGs	Investments to Rebuild Better Full range of WBG instruments with focus on PPP, Upstream project development and mobilizing pvt solutions ASA for tracking Twin Goals and SDGs	
WBG FINANCIAL CAPACITY				
IDA Hybrid Model IBRD Financial Stability Framework IFC Financial Model MIGA Financial Model				

31. **The simplified framework in Figure 10 guides WBG programming and client dialogue; however, progress on the ground will vary both among and within countries. Progress will depend critically on containing the pandemic and country capacity; it will be uneven. The risk of a prolonged emergency period is very high which could slow restructuring and recovery. The possibility of secondary waves of infection could cause countries to slip backwards. Moreover, the stages of the crisis and thematic crisis response pillars do not have absolute boundaries.** They inform and interact with each other. The stages within each crisis response pillar can overlap both chronologically and in terms of types of activities. WBG interventions may span

multiple stages (see Annex 1). Country programs will remain demand-driven, requiring the WBG to be flexible and adapt to fluid, rapidly changing circumstances on the ground.

32. Interventions under all pillars should keep a clear line of sight to supporting resilient, inclusive and sustainable recovery. Pillar 4 interventions on strengthening policies and institutions for Rebuilding Better, in particular, plays an essential role from the start in supporting countries' focus on their long-term development goals. This can help ensure that government actions, such as closing schools and workplaces to slow the virus' spread, are responded to with interventions under other pillars, such as cash transfers to make up for lost wages and measures to protect schooling for children. Similarly, keeping a clear line of sight on supporting the recovery and long-term development goals can guide interventions in the emergency stage to secure essential public services such as water, electricity and sanitation in ways that do not jeopardize the future recovery (where public-private partnerships will have to play an even greater role given the likelihood of higher public debt and debt vulnerabilities in most developing countries). Encouraging the private sector to both sustain existing economic activity as well as build new opportunities in a sustainable manner, taking advantage of efficiency opportunities and global best practices will further support this pillar and enable the necessary resilience needed within the private sector that paves the way for long-term sustainable economic growth. In this way, pillar 4 can help governments avoid policy traps, preserve development gains, build a stronger foundation to adapt to the transformations in the way people live and work, and return their economies to sustainable, inclusive and more resilient growth paths.

Knowledge, Learning and Innovation for Crisis Response

33. Knowledge, learning and innovation are shaping the WBG response and will be central to scaling up impact. WBG technical expertise is promoting and informing analysis, dialogue and evidence-based decision making. Going forward, it will also contribute to course corrections as needed in a fast-moving, uncertain crisis. An early paper²⁶ laid out an analytical framework that informed a broader set of policy notes across the Global Practices with inputs from experts across the Bank – DEC, the FCV and Gender Global Themes, and Regional and Country Teams.²⁷ The policy notes are accessible to the general public. Further efforts include the March 2020 launch of a pulse survey among multi-national corporations to understand the impact of the pandemic on their businesses and pinpoint ideas for government action. Upcoming launch of the COVID-19 Business Pulse Survey will take this approach further to capture the impact on SMEs and track the recovery process. Levels of social unrest, conflict and violence – as well as compound risks – need to be monitored in real-time to adapt programs and inform prevention-focused interventions. The World Bank has worked with the International Crisis Group to provide monthly situation reports that provide analysis on conflict dynamics in the Sahel and is doing similar analyses in Myanmar.

34. The WBG crisis response framework draws on and adapts the lessons from previous crises including public health crises.²⁸ IEG evaluations²⁹ of WBG responses to crises and systemic shocks during the past decade are shaping the WBG's COVID-19 crisis response, including experiences from the 2007–08 food crisis and the 2008-09 Global Financial Crisis (Box

²⁶ The Economic Policy Response to the COVID-19 Crisis, Martin Rama and Hans Peter Lankes.

²⁷ <https://www.worldbank.org/en/who-we-are/news/coronavirus-covid19>.

²⁸ <https://ieg.worldbankgroup.org/blog/3-lessons-past-public-health-crises-global-response-covid-19-coronavirus>

²⁹ Crisis Response and Resilience to Systemic Shocks: lessons from IEG evaluations. Independent Evaluation Group 2017.

2). The crisis response also reflects and adapts good practice approaches for disaster management (Annex 1).

Box 2. COVID-19 Crisis: Deploying Knowledge and Learning to Enhance Impact

Knowledge Sharing for Action: WBG knowledge engagement offers action-oriented support to help teams, clients and partners solve real-world challenges. Together with the Global Resilient Cities Network, the Bank has convened the “Coronavirus Speaker Series,” a weekly knowledge sharing forum for cities. Closing the loop between research and practice, DEC is hosting an e-seminar series on “Development Policy and COVID-19” covering topics such as Labor and Migration as well as Trade and Value Chains. The e-seminars bring together Bank researchers and operational specialists with leading academics.

Lessons Learned from IEG evaluations of WBG responses to recent crises and systemic shocks include:

- Success relied on *well-established country engagements and dialogue, and partnerships*. It is important to *strike the right balance between country-specific engagement and global strategy*. This can be facilitated through enhanced central guidance and monitoring. Crisis response offers an *opportunity to build long-term resilience* – client ownership is essential.
- The WBG appropriately *focused attention on the impact on the poor and vulnerable*, including supporting flexible and targeted social safety nets. Social protection response was generally swift and substantial. *Countries that had already developed safety nets scaled up better*, and the Bank was more able to help.
- The WBG generally *responded nimbly to shocks and refashioned some of its instruments* to handle different kinds of crises. The WBG provided more DPFs in crises than during non-crisis periods. There is merit to focus DPFs on sectors directly related to the crisis and to offer countercyclical support. There is also merit in *focusing on fiscal sustainability and fiscal space for future countercyclical needs*.
- Effectiveness of crisis response hinges on *avoiding lags in disbursement*. Speed and flexibility in crisis are important but *should not take priority over accountability and monitoring*.

Learning from the Ebola Crisis: More people died through disruptions of day-to-day health care than from Ebola itself during the 2014-16 Ebola epidemic in West Africa, demonstrating the trade-offs at stake during pandemics. Community resistance and insecurity were constraining the response to Ebola in DRC. Communities were skeptical – in a survey in one Ebola-affected province, 25 percent of respondents believed that "the Ebola outbreak was not real." Health workers and response centers were accused of bringing the epidemic and came under attack. *Community engagement and direct support, including social protection, were key to addressing the problem*.

Protecting and Investing in People: Responding to the huge compression of fiscal space due to the pandemic, the World Bank is providing ASA on strengthening domestic resource mobilization, aligning expenditures with priorities, and improving efficiency, transparency, equity and value for money.

Protecting Natural Capital Saves Lives. Zoonotic infections emerging from wildlife and other animals account for about 70 percent of emerging infectious diseases. The degradation of natural habitats, coupled with growing trade in wildlife, have exposed humans to new pathogens and diseases for which they have limited immunity. The wildlife trade intensifies contacts with humans and significantly increases chances of transmission.

35. The WBG’s FCV Strategy, as well as the lessons learned from engagements in fragile and conflict-affected situations, are informing the WBG response. These include:

- *The importance of engaging local communities, while preserving and strengthening key institutions and services* in situations characterized by distrust and fragile social contracts.
- *The need for inclusion and protection of the human capital of forcibly displaced populations* in an equitable manner.

- *Urgent action to mitigate rising food insecurity and risks of famine* due to COVID-19 which could double the number of people facing acute food insecurity to 265 million in 2020.
- *Preventing and responding to gender-based violence* through protection, support services and reporting mechanisms, and promoting inclusion of women-led local organizations.
- *Linking emergency response to conflict sensitive recovery* by working with others to help governments prioritize and sequence recovery efforts and tackle the root causes of fragility.
- *Relying on tailored implementation modalities* utilizing ICT tools for remote supervision and working with humanitarian, development, peace and security actors present on the ground.

36. Across all four pillars, the WBG will work with clients and partners to exploit innovative approaches that can speed progress in fighting the pandemic and transform crisis into opportunity. During lockdowns, very few sectors can continue operating unless they are able to use technology to perform home-based work. Children with internet access can continue distance learning and the elderly are able to get groceries delivered when using apps to order. Essential services through telemedicine have been transformed in many high-income countries to provide continuity of care and triaging of COVID-19 cases. In countries with improved access to digital financial services, remittances are able to reach recipients. One key to success is urgent action to help countries narrow and bridge the digital divide in selected areas critical to effective crisis response and recovery (Box 3).

Box 3. COVID-19 Digital Development Urgent Action Plan

Affordable and reliable internet offers a lifeline during the COVID-19 storm. The WBG is pursuing a rapid response approach that leverages partnerships to help client countries stay connected and connect the unconnected. This is aligned with the technology cross-cutting issue under IDA19.

- *Increasing bandwidth and managing congestion to keep the internet from breaking* through improvements in network configuration, traffic management, improved quality of service parameters, voluntary infrastructure sharing and access to spare infrastructure capacity, as well as facilitating access to spectrum resources during the crisis.
- *Ensuring continuity of public services* to safeguard the welfare of populations through special packages to reduce costs for end users as well as by supporting pre-purchase of broadband internet access for government officials and other targeted groups under home-based work to ensure continuity and support operators' finances at a time of crisis.
- *Powering fintech to support the most impacted businesses and communities* by easing regulatory restrictions and taxes, and providing emergency broadband infrastructure for hard-to-reach areas and considering new approaches.
- *Promoting trust, security and safety online* by enhancing cybersecurity capabilities – including through National Computer Incident Response Teams, national cybersecurity plans, and public-private cooperation.
- *Leveraging the power of mobile big data* for monitoring and containing disease outbreaks and planning future resource needs such as testing kits, beds, medical staff, or equipment. Appropriate privacy and ethics measures must be carefully considered at all times.

Pillar 1 - Saving Lives

37. Transgressing the borders of hundreds of countries, COVID-19 had claimed 372 thousand lives as of June 1, 2020. Medical personnel and other frontline workers face special risks. An effective global response to the outbreak demands rapidly improving capacity in low-

and lower middle-income countries, where health systems are weaker, living conditions often more cramped, and populations most vulnerable. This will include strengthening core public health functions (testing, isolating and treating the infected, tracing their contacts, quarantining the exposed and ensuring border health security), as the global disease surveillance network is only as strong as its weakest link. Boosting capacity to provide critical care is essential, including for countries with limited resources and health service capacity. The task of saving lives must extend well beyond stopping COVID-19 transmission to addressing the high risk of spillover effects of the pandemic and economic crisis on mortality due to other causes. Preserving other key health services is also important: more people died through disruptions of day-to-day health care than from the disease itself during the 2014-16 Ebola epidemic in West Africa.³⁰ The pandemic puts added urgency on Gender and Development as a focus for emergency response. Community and women organizations and leaders have a central role to play.³¹ As countries aim to stem the impacts of the pandemic, continued focus on building resilience to natural disasters remains critical.³²

38. The objective of the WBG health response under pillar 1 is to help countries prevent, detect and respond to the health threat posed by COVID-19 and to strengthen national systems for public health preparedness. This includes mitigating negative impacts on mortality due to other causes. Health interventions need to be flexible and adapt quickly to new developments and learning. Sustained implementation efforts are required to produce the necessary system improvements. Selectively scaling up to save lives involves operating through cooperation, for example, with organizations equipped to work at the community level in FCSs. It also means ensuring that countries have enough resources to overcome the pandemic and not slide back before the curve is flattened. The Bank has agreed to collaborate with Gavi, the Vaccine Alliance, to explore financing of vaccines to ensure that the poorest countries can procure vaccines in a timely manner.

39. The WBG's emergency health response is already under implementation in 104 countries (Box 4). It includes the following approaches:

- *Stopping transmission* via testing, isolating and treating, contact tracing and quarantining; communication that changes behaviors and builds trust; developing general surveillance capacity and other core public health functions; and strengthening coordination bodies and mechanisms across government agencies and levels.
- *Ensuring health service delivery* through the expansion and reorganization of care, introducing new service delivery modes (e.g. telemedicine) and drawing on private sector capacity to ensure safe access to COVID-19 and other essential health services including for reproductive, maternal, child health, infectious disease (e.g. HIV and TB) and nutrition. Health workers require training, protocols, protective gear, supplies, equipment, financial support and housing. Equitable mechanisms to manage pent up demand are also vital.
- *Protecting vulnerable households' access to preventive and essential health services*, enabling them to cope with income shocks, comply with mitigation measures, and access protective gear, supplies, and water and sanitation. Guaranteed access to affordable COVID-19 and other essential health services is critical, as is coping with income shocks and revising conditionalities and targeting cash transfers and in-kind assistance to high-risk groups,

³⁰ COVID-19 Strategic Preparedness and Response Program (Report No: PCBASIC0219761).

³¹ <https://www.theguardian.com/global-development/2015/apr/08/womens-organisations-fighting-ebola-funding-first-line-defence-liberia-guinea-sierra-leone>

³² <https://news.un.org/en/story/2020/04/1061552> and <https://www.worldbank.org/en/news/press-release/2020/04/27/us10m-emergency-world-bank-funding-for-vanuatu>.

- providing sick leave benefits, and offering helplines and services to address gender-based violence and mental health.
- *Managing budgets* as spending needs grow, economies contract and fiscal pressures mount. PFM processes needed to be temporarily adjusted during the emergency response to facilitate fund flows, procurement and payroll management, but these changes will need to be rolled back and adapted to ensure transparency, accountability and efficiency in use of public funds.

Box 4. WBG Health Emergency Response

As of June 1, the Bank had approved US\$5.9 billion for emergency health support to 104 countries. The first set of IPFs under the Global Health MPA, consisting of 25 operations, was approved on April 2, 2020. Of this total amount, US\$3.6 billion is under the Health MPA, US\$62.5 million is in standalone projects and US\$2.3 billion is from restructuring of existing projects. Among the countries benefiting from Bank support, 32 are FCV countries and 19 are small states. Overall, the Bank has committed US\$3.9 billion IBRD and US\$2.0 billion IDA for emergency health support. Average project preparation time for IPFs under the Health MPA is 27 days as of beginning of June.

Country access to scarce medical supplies and equipment has been a particularly daunting challenge in the COVID-19 context, and the Bank has stepped up to help clients. The Bank is helping countries secure urgently needed medical supplies through Bank Facilitated Procurement by identifying suppliers and negotiating price and other conditions. Kenya, the first country to enter a Bank-facilitated procurement contract, has already received the first shipment of ventilators.

IFC's upcoming Global Health Value Chain Platform intends to mobilize private investment in order to close the massive healthcare supply gaps faced in particular by developing countries. Current global manufacturing capacities for the Healthcare Products and Services are today failing to meet demand in the fight against COVID-19. IFC's proposed Global Health Value Chain Platform has three main objectives: (i) supporting the private sector in meeting the urgent and immediate needs of the developing countries in terms of access to critical healthcare products and services; (ii) creating the additional required manufacturing and delivery capacities for healthcare products that are currently under development, including new testing kits, treatment medicines and vaccines; and (iii) increasing the regional and local manufacturing and service capacities in order to strengthen the future resilience of developing countries' health systems.

Pillar 2 - Protecting Poor and Vulnerable People

40. **As health interventions ramp up across developing countries, urgent action is needed to address the devastating impacts of COVID-19 on households, livelihoods and communities.** A highly diverse range of poor and vulnerable households – including migrants, refugees and internally displaced populations, ethnic minorities, elderly, disabled and homeless – urgently need assistance. Help is also needed across a vast range of diverse vulnerabilities including avoiding increases in food insecurity, malnutrition, worsened early childhood development, and compensating the loss of jobs, livelihoods, assets and inputs. The need is most acute among the already poor, but many households not previously poor and currently outside many safety net programs also face substantial drops in welfare. Single parent households and extended households with the elderly often have larger impacts on women as caregivers. As learned from previous pandemics including the Ebola crisis, community-centric approaches buttressed by national programs are essential components of successful strategies.

41. **The objective of the WBG social response is to help countries protect poor and vulnerable households and communities from the economic and social shocks of the crisis,**

restore human capital, and promote equity and inclusion in the recovery. The WBG is taking an integrated approach centered on social protection, safety nets and community driven development. Here, selectively scaling up operates through catalytic effects, for example, by helping countries expand existing social protection delivery systems to reach excluded groups or the newly poor. Governments can use these enhanced systems to channel not only the Bank's support, but also their own funds and/or other donor support. Interventions include:

- *Targeted income and potentially food support for vulnerable households.* Support may be in cash or, if needed, in-kind. For example, food can be provided where markets are not functioning or accessible, schooling materials where schools are not functioning, or supplies to support household hygiene. Vouchers or fee waivers are also possible. Income support programs cover all forms of social assistance/safety nets as well as non-contributory social insurance such as minimum or social pensions for old age or disability, and may also include top-ups for other social insurance programs such as unemployment insurance. These operations will build on existing delivery systems – registries, payment platforms, community programs or block grants – used in social assistance programs, community and urban programs or agricultural livelihood interventions. Particular emphasis will be placed on the expanded use of digitization of cash assistance.
- *Behavior change and social care services.* This will include: (i) programs to assist pandemic control – hand washing, social distancing, protective gear usage, identifying symptoms and management of cases; (ii) support to minimize potential negative consequences of social distancing – deterioration of mental health, increase in intimate partner and intra-family violence; and (iii) interventions to support child welfare and learning during the pandemic – nutrition, early childhood stimulation, support to foster learning at home, and return-to-school messaging. Operations will aim to improve the standards of social care services offered to vulnerable groups – elderly, disabled (a cross-cutting issue for IDA19), homeless, street children and others.
- *Support to communities and local governments to cope with immediate crisis impacts.* Expand support for rural and urban communities and local governments with large poor and informally-settled populations through: (i) provision of emergency public goods such as water supply, temporary health clinic extensions, repurposing of public facilities for health needs, public hand-washing and sanitation stations; (ii) support to municipalities to keep essential services running where their revenues have declined dramatically; and (iii) ensuring adequate food supply by repurposing marketplaces to meet minimum health and security standards, supporting food banks, and strengthening safe food distribution networks. Ensuring food security could also include regulating and improving sanitary conditions of wet markets and reducing the demand on bush meat as a source of protein.
- *Support employment and productivity for vulnerable households, informal businesses and micro-enterprises.* These activities aim to promote income generation and asset accumulation of the poor, vulnerable and excluded groups, e.g. youth, indigenous people, women, slum-dwellers, poor farmers, and fisher folk. These programs build on existing interventions – offering customized packages of support that include coaching, financial inclusion, community sensitization on aspirations and social norms, micro-entrepreneurship and life-skills training. Productive inclusion programs leverage community structures, including bottom of the pyramid financiers such as microfinance institutions, informal savings/credit

community groups, local governance groups, women's organizations and formalized producer organizations. To maintain food supply, financial assistance will be provided for agricultural inputs and livestock. Labor-intensive public works projects using proper safety precautions can support livelihoods, while providing community small-scale infrastructure and resilience. Sustainable natural resource management initiatives provide much needed employment opportunities for vulnerable populations residing in forest and coastal areas.

- *Improve delivery systems for expanded coverage, better digital delivery, and greater resilience for future shocks.* This component will support strengthening systems to deliver assistance and continuity of social services, as well as transparent management and oversight. This includes project management inputs and contractual services for systems to make the interventions more dynamic, inclusive, and pandemic-resilient. High frequency monitoring and citizen engagement channels will support adaptable targeting and accountability.

42. The Social Response is under implementation, delivering solutions across all three stages. Under the *emergency relief stage*, the World Bank is focusing on targeted income support (as well as potentially food support) for vulnerable households, building on existing social assistance delivery mechanisms. Support during this stage includes behavior change, provision of essential public services, and efforts to adapt delivery systems, especially through a further move to digital mechanisms to avoid viral transmission. All of these efforts will extend over the medium term, with income support scaling back only as labor income recovers. The Bank's response draws on the strength of the existing SD community-based and local government portfolio and the SPJ safety nets portfolio. In the *restructuring stage*, Bank support will increasingly focus on ensuring adequate food supply chains and protecting jobs and employment to shore up incomes of the poor. Initiatives will support employment and productivity for vulnerable households, informal businesses (including home-based) and micro-enterprises. *Looking ahead to resilient recovery*, the Bank will support governments to improve delivery systems for expanded coverage and to ensure greater household and community resilience to future shocks. This will also entail rebalancing the mix of income support, livelihoods and social care services to fit the needs of recovering economies facing heightened challenges of poverty, inequality, and informality.

43. The World Bank is preparing additional interventions on human capital under the Social Response. These are aligned with the human capital cross-cutting issue under IDA19. The economic shocks associated with supply disruptions, lockdowns and social distancing will likely result in worsened nutrition and higher stunting in children. School closures are already impacting learning for 1.5 billion students worldwide, half of whom lack access to a computer,³³ and might result in school detachment. Beyond loss of incomes, the massive on-going disruptions in labor markets will result in loss of skills and connections to firms for large swaths of workers. These setbacks overlay on an unfinished human development agenda. Responses aimed at addressing the longer-term social impacts of the crisis must be implemented within a set of policy reforms aimed at protecting the gains over recent decades and building for a transformed future. Building on a strong analytical basis and partnerships with local and international stakeholders will be critical to success of these renewed investments in people.

44. Human capital investments in education and early childhood development (ECD) should protect the current generation, as the developing world was already living a learning

³³ UNESCO, Startling Disparities in Digital Learning as COVID-19 Spreads: UN Education Agency (April 21, 2020).

crisis pre-COVID-19, which is now deeper with exacerbated inequality. The challenge is to recover learning losses of those who were in school, prevent dropout rates in basic and tertiary education, and reduce out-of-school populations (Box 5). Bank IPFs and DPFs are being deployed.

- In the *emergency stage*, the Bank is supporting education systems through restructurings, AFs, grants and TA in coping with the mitigation of learning losses through the use of multiplatform remote programs for learning and ECD. Limited internet penetration precludes relying solely on online resources; reaching the poor requires the intensive use of social networks, SMS, radio and print media. To date, 120 countries are implementing some modality of multiplatform remote learning. There is also critical support to replace school feeding programs stopped by school closures through household or community delivery.
- The *restructuring stage* centers on school re-opening protocols with protective facilities, health screening and social distancing. The Bank will provide support to ensure access to school and prevent dropouts, especially of girls, through subsidies, scholarships and communication campaigns covering both education and ECD. Intensive compensatory learning strategies with a focus on equity are to be implemented (adaptive learning and roll out of home resources), in particular for disadvantaged children and youth.
- As countries move to the *recovery stage*, the Bank's support will shift to helping rebuild a more diversified, affordable and equitable education service that can ensure continuity and acceleration of learning. This will entail consolidation of multiplatform remote learning, including resources to be accessed in school and at home on a permanent basis, as well as support for blended learning methods.³⁴ Investments in online coaching and blended training will allow scale-up of capacity building for teachers, including digital skills.

45. The emphasis on jobs as well as improved skills and employability puts people – including those with disabilities – at the center of the crisis response. World Bank interventions being deployed for skills and labor include:

- *Mitigating skills losses* in the early crisis stages and *promoting new skills development* in the recovery through multiplatform remote learning with private sector participation.

Box 5. Protect schooling for girls

During the COVID-19 crisis, many school systems across the world have closed – including in 43 African countries. This is a concern where alternative schooling systems are not available to all, but also because there is a risk that young girls might drop permanently out of school. Efforts need to be made to return girls to the classroom because of an increase in domestic tasks, child and elder care and increased pressure to generate revenue as household income decreases, which can put girls at higher risk of physical and sexual abuse and early pregnancy. Evidence from Sierra Leone during the Ebola epidemic showed heightened vulnerability for adolescent girls in times of crisis when schools close and economic opportunities diminish, with increased rates of pregnancy and dropping out of school. Policy makers can remedy this via inclusive methods of distance learning including community sensitization on the importance of girls' education and low-tech learning practices. They can also provide flexible learning approaches so that girls, including pregnant girls and young mothers, are not deterred from returning to schools when they re-open.

³⁴ A key area of work of the World Bank EdTech team is a partnership with OECD and Harvard School of Education to curate tech solutions to facilitate the decision making of countries.

- Supporting *employment and employability programs* in the relief and restructuring stages, followed by support for *jobs for the future* in the recovery.

Pillar 3 - Ensuring Sustainable Business Growth and Job Creation

46. **The severe economic repercussions wrought by COVID-19 underscore the importance of Jobs and Economic Transformation (JET).** The objective of the WBG's economic response is to promote sustainable business growth and job creation by assisting countries to help firms survive the initial crisis shock, restructure, and become more resilient in the recovery. Support programs need to take account of the imperatives of fiscal sustainability and financial stability; as well as the need for speed, pragmatic considerations of fair burden sharing, mutualization of risks and of what is feasible; and the specific priorities of LICs, FCSs and small states. This is a fully integrated effort across the WBG. IFC and MIGA are collaborating closely with the World Bank to pool available resources and bring to fruition joint and separate public and private solutions to mitigate impact to member countries, restructure as economies re-open, and prepare for a resilient and sustainable recovery. Here, selectively scaling up takes on a different form, particularly in the emergency relief phase, where incremental approaches are unlikely to have lasting impact. The WBG can help countries scale up through public-private joint interventions and partnerships that can channel resources at larger scale. To be effective, however, governments will need to have the resources to extend such approaches to cover a critical mass of firms, sectors and financial institutions.

Relief during the Pandemic

47. **It is critical to maintain the private sector so that viable firms do not exit as a result of the pandemic** – including viable and high growth SMEs, microfinance providers, utilities and other essential service providers such as transport and agribusiness companies. Roughly 436 million enterprises worldwide in the hardest-hit sectors are facing serious disruption according to the ILO, including both employers and the self-employed.³⁵ The immediate objective is to address urgent liquidity pressures in order to limit closures/bankruptcies and prevent widespread layoffs. Measures to reach MSMEs – especially female-owned businesses – include financial guarantees, grants, and easing of taxes and rental payments. Liquidity support should be rapid, transparent and time bound. Financial institutions will need to continue providing credit and working capital for businesses and trade activities in a sustainable way, while taking due care of financial risks especially in vulnerable countries. In this context, IFC and MIGA are providing direct support to firms and financial institutions through trade, liquidity and working capital solutions (Box 6).

48. **Priority should be given to accelerating payments and clearing any government arrears to private suppliers, especially SMEs, many of them providing essential food services and access to critical agricultural inputs.** A wide range of instruments is available including concessional lending, direct liquidity support, guarantees, trade finance, factoring and tax credits. Reducing operating costs through lower rents and taxes can also help. In selecting instruments, the political economy around reversing emergency measures after the crisis should be considered, including the possibility of needed fiscal consolidation. For example, energy tax breaks or energy

³⁵ ILO, ibid.

Box 6. IFC and MIGA – Early Crisis Response to COVID-19

IFC

As an initial and phase 1 response to the COVID-19 crisis, IFC is fast-tracking financial support to existing IFC clients to continue operating, thus protecting jobs and sustaining economies.

Real Sector Crisis Response Envelope (US\$2 billion)

- Provide medium to long-term loans and risk-sharing instruments to support Infrastructure and Manufacturing, Agribusiness, and Services clients vulnerable to the economic impacts of the pandemic, including healthcare and pharmaceuticals.
- IFC's funds will help clients relieve liquidity pressure, obtain working capital to meet higher demand, and diversify their sources of supply or relocate operations outside of an affected country to mitigate operational risk.

Financial Institutions Group Envelope (US\$6 billion)

- The multi-faceted and flexible approach provides financial institutions' clients in IDA/FCS and emerging markets with lines for trade finance, working capital, and risk mitigation solutions to help maintain trade flows, continue lending to MSMEs, support employment, stabilize the economy, restore supplies of key goods and services, and help mitigate the expected global economic slowdown.

In keeping with its capital increase commitments, IFC will allocate 40 percent of its COVID-19 Facility to IDA17 and FCS countries. With a revamped decision-making approach that focuses on key risks and speed of execution, IFC global and regional teams are aggressively building the Facility pipeline, determining eligibility for the Facility, and progressing through the process. As of June 1, 2020, IFC's commitments stood at US\$2.6 billion, including US\$1.8 billion for trade finance (GTFP) commitments with a strong pipeline for June 2020 and FY21.

MIGA

In response to the COVID-19 crisis, MIGA has redirected its program to launch a US\$6.5 billion Fast-track Facility structured along three lines:

- Support for the Urgent Health Response. MIGA guarantees to credit-enhance governments to secure financing provided by foreign commercial lenders or credit extended by medical suppliers for procuring urgent medical supplies and services. MIGA's financing could be additional to World Bank and IMF financing in order to serve unmet needs or help free these resources for the most vulnerable countries.
- Countering Adverse Economic Impacts during the COVID-19 Crisis. MIGA guarantees to credit-enhance commercial borrowings by sovereign, sub-sovereign and SOE clients for urgently needed short-term funding and working capital support to SMEs, corporates and individuals during the COVID-19 crisis. MIGA de-risking solutions for global banks for freeing capital in subsidiaries operating in developing countries.
- Trade Finance, MIGA guarantees support to enable IFC to help sustain short-term trade activities in IDA/FCS and LMICs affected by the severe economic and trade disruptions linked to the COVID-19 crisis.

subsidies provided during the crisis can be difficult to reform, distorting incentives and creating budgetary challenges over the medium to long term.

49. Temporarily easing financial conditions and exercising financial and non-financial regulatory forbearance might be necessary. However, this is likely to have important negative implications on the stability of the financial sector in the medium term that need to be assessed. Many financial sector regulators may decide to take unprecedented regulatory forbearance decisions to relieve borrowers' financial constraints. These will need to be designed carefully to avoid increasing financial risk – especially in systems that are already vulnerable – with decisions that are extraordinary, time bound, transparent and based on rigorous risk assessments. Mitigating measures against adverse impacts on financial stability and medium to long-term survival of financial institutions could include guarantees and liquidity access schemes to support firms and

their financiers. Banks should be expected to produce and disclose reliable, frequent, up-to-date and comparable information regarding loans that have benefitted from borrower relief measures and take the necessary prudential regulatory measures in terms of classification and provisions.

50. Direct government support to firms may be best focused on formal small and medium-sized enterprises, while indirect support should leverage existing financial intermediaries. The focus should be on the middle segment of firms where there is the greatest potential loss of human and organizational capital. It may be possible to support these small and medium-sized enterprises in the form of guarantees, linked to corporate taxes paid in the previous year. Larger firms will require substantial resources but will in general maintain access to finance through existing banking relationships. IFC can play an important role here, both directly and by mobilizing private capital.

51. Informal firms are best targeted through support to microfinance institutions that serve them and through cash transfers. Growth-oriented and female-owned firms should be a particular focus.³⁶ Productive inclusion programs leverage community structures, including bottom of the pyramid financiers such as microfinance institutions, informal savings/credit community groups, local governance groups, women's organizations and formalized producer organizations. The WBG crisis response supports employment and productivity for informal businesses and micro-enterprises under pillar 2 (paragraph 41).

52. Trade regimes need to stay open, and measures can be taken to expedite the flow of essential goods and services, particularly food and medical supplies and equipment. Import restrictions on intermediate goods can be cut to reduce costs, while export restrictions should be avoided. Avoiding protectionist trade policies and preferential treatment will help retain FDI. Large multinational corporations could also be called upon to support local suppliers through accelerated settlement of receivables. Local and international financial institutions may need support through guarantees, such as IFC's GTFP program and MIGA trade guarantees, and other instruments to continue ensuring access to finance to importers and exporter alike.

53. Urgent support is needed to ensure that critical value chains and essential services continue to function. Food value chains are being disrupted as workers cannot harvest crops, farmers cannot transport goods to market, and/or traditional markets are closed (Box 7). Essential utilities, firms and farms will need help to maintain operations, ensure safe spacing between workers and consumers, and make better use of technology. Tailored approaches will likely be needed for large-scale utilities, both state-owned and PPPs.

54. The WBG is moving rapidly to prepare and deploy a range of crisis response instruments to support firms and essential public services during the relief stage that can be adjusted and expanded. These instruments – primarily DPFs and IPFs on the Bank side; and guarantees, risk sharing schemes and working capital solutions in IFC as well as risk guarantees for MIGA – are articulated around four objectives in the relief stage:

- *Ensure liquidity and support adjustment for viable firms* by promoting the flow of credit to the real economy through banks and NBFIs, as well as trade finance solutions to ensure flow

³⁶ Female-owned business tend to have thinner capital buffers and greater concentration in consumer-facing business sectors. Targeting these women-owned firms by leveraging existing MSME operations such as the Women Entrepreneurship Development Project (WEDP) in Ethiopia or the Inclusive Access to Finance Project in Turkey, could yield meaningful gains.

Box 7. Ensuring Food Security in Africa

With 113 million chronically food-insecure people, and 54 million acutely food-insecure, the Africa region needs to act to avert a food crisis. Poor weather in some parts of the region, droughts and locusts are affecting production. The Africa Pulse forecasts a decline in agricultural production, as well as lower food imports – at a time when the region needs to import nearly 40 million tons of cereal.

Key approaches for ensuring food security include:

- Keeping borders open. Export restrictions in the face of food security fears can be self-defeating and aggravate the situation. In general, minimizing trade barriers and logistical disruptions are the best response to ensure that food supplies can flow to all markets. This would also ease price spikes which have been already reported in some countries.
- Prioritizing mobility of food system workers with adequate health safety. Allowing workers in food systems and food shipping operations to continue to work with appropriate safeguards is also essential. Special attention needs to be paid to farm workers required for harvesting and for new plantings.
- Ensuring the flow of inputs to farms. Seeds, fertilizers, and pesticides will be required to ensure food production where farm resources will be severely constrained. Efforts should prioritize women who already have lower access to these key inputs and suffer lower yields.
- Keeping food markets open by implementing social distancing requirements, thereby allowing continuous access to critical food supplies especially in urban areas.
- Strengthening communications. Enhanced communication of market conditions through media, electronic platforms or apps for farmers will help keep markets functioning and ensure supplies can quickly move to where they are needed most.
- Averting risk of famines. Early warning systems to avert potential famines may be needed in certain contexts. Scaled up social safety net programs should help stem this risk. Digital technologies and voucher programs can also help build resilience of food chains.
- Scaling up nutrition programs. The loss of school feeding programs in many countries as a result of school closures heightens the need for alternative means to bolster nutrition for vulnerable children.

of inputs, goods and raw materials. WBG interventions will aim to create additionality and crowd-in private sector capital and solutions.

- *Reduce operating costs and allow regulatory flexibility* by supporting: (i) temporarily suspending or delaying tax and social security payments and filings; waiving fees for government transactions such as licenses, registrations or permits; helping firms cover rent and utility costs; and/or automatically extending licenses and permits; and (ii) flexibility concerning licensing and regulation of key professionals, as well as speedier approval for manufacturers of essential goods and providers of essential services.
- *Expand the use of fintech* to improve MSME access to financing even when in lockdown; facilitate cash transfers and the acceptance of digital payments; and promote innovative approaches to credit decisions and risk-sharing facilities, as well as online platforms for capital market solutions to facilitate supply-chain finance and shorten payment maturities.
- *Ensure the financial sector can provide liquidity support without jeopardizing resilience* including through adequate reporting and monitoring of forbearance, and recovery and resolution planning, as well as strengthening deposit insurance and NPL management.

55. Working together, the Bank, IFC and MIGA can help support the flow of credit to the real economy, providing liquidity support to ailing but otherwise solvent firms. These flows can operate through banks and NBFIs, facilitating risk sharing solutions, creating additionality and crowding-in private sector financing and capital. In those countries with limited fiscal space, it will be even more important to design *public-private joint interventions*. Given the

severity of the situation and the present constraints in the response of developing countries, a public-private partnership scheme to pool and leverage resources, and share and mutualize risks can play a key role in addressing the challenges ahead.

Restructuring for Resilient Recovery

56. During the transition from crisis to recovery, the focus of government policy and WBG interventions will need to shift to internal and external adjustments necessary to thrive in a changed world. This will involve managing financial restructurings, debt resolutions and bankruptcies. To support job creation and preserve growth-oriented enterprises, it will be important to promote reallocation of resources to more efficient companies, restructure and recapitalize firms, and avoid measures that risk propping up unviable firms or declining industries. For example, as countries and markets shift toward low carbon and renewable energy, as part of efforts to support climate adaptation and mitigation, it will be important not to slow this shift by subsidizing energy-inefficient industries and others at risk due to this changing policy and market environment. In sectors with excess capacity, support (if provided) should be designed to prevent further accumulation of production that may create future financial risks. Support should facilitate the transition to more sustainable production processes with higher market growth potential (Box 8). There may be a change in consumer behavior and MSMEs may need support to adjust business models to the post-crisis economic environment, for example by making better use of fintech and e-commerce. During the restructuring stage, WBG institutions will aim to support sectoral reforms that are key to develop sizeable and scalable upstream projects for a resilient and sustainable recovery.

Box 8. IFC Phase 2 Response

In addition to IFC's Phase 1 Fast Track COVID-19 Facility with US\$8 billion available for real sector and financial institution clients, IFC is also developing a Phase 2 response to include scalable programs and facilities for existing and new clients to support recovery efforts in client countries. These efforts align with the WBG Jobs and Economic Transformation agenda and ensure close alignment across the WBG in support of sustained private sector contributions to long-term economic growth. These scalable engagements will include: (i) the Global Health Value Chain Platform, mentioned in Box 3, targeting up to US\$4 billion in investments to directly support the private sector's ability and capacity to deliver healthcare products and services and to respond to the immediate and longer-term challenges to developing countries' already vulnerable health systems affected by COVID-19, thereby increasing the resilience and impact of developing countries' healthcare systems; and (ii) sector specific platforms aimed at providing much needed support to key sectors. Platforms and approaches are under development across the following sectors currently: microfinance, SMEs serving commercial banks and other financial intermediaries, transport, energy, telecoms, water, textiles, and tourism. In addition, IFC is exploring: (a) mechanisms to support companies with fundamentally sound business models but requiring restructuring in light of COVID-19 crisis, (b) ways in which IFC can support investee companies across IFC's Fund investments, (c) direct critical equity and mezzanine capital instruments to strengthen banks and large firms balance sheets, (d) investments in private equity and VC funds to support growing SMEs and start-ups, as well as (e) mechanisms to provide additional liquidity into emerging market companies at sufficient scale to limit the downside economic risks from the pandemic and any associated economic slowdown. As these platforms are further developed, they will be brought to the Board for consideration.

57. To guide these programs and track recovery, it will be essential to better understand firm challenges and improve programs through rapid response and digitally enabled firm surveys. Compiling information on sectors, locations, and firms is critical to monitor progress

and better target interventions. Data on firm characteristics, take-up of government programs and current challenges can help officials readjust programs and achieve better outcomes.

58. Restructuring of firms and debt as well as recapitalization of certain firms will be needed. The deterioration of assets will increase the risk of insolvency for many firms, with negative implications on credit markets, supply chains, and worker productivity which will dissipate only gradually. Governments can prepare for recovery by creating enabling environments to restructure debt and firms including strengthening insolvency and resolution and legal frameworks for corporate and consumer debt restructuring, and out-of-court conciliation and resolution measures. The latter will be particularly important to prevent a surge in insolvency filings, value-destroying liquidations and asset fire-sales, helping to preserve employment and also reduce pressures on bank balance sheets which impair their functioning and stability. The Bank can provide financial support and technical assistance to countries to facilitate these measures; IFC can provide direct capital to support restructuring and recapitalization of firms, as well as mobilize third party capital to augment IFC's own capacity.

59. The deterioration of assets may impact financial institutions and require steps to strengthen their balance sheets through recapitalization and resolution of non-performing assets. Recovery and resolution planning for banks and Non-Bank Financial Institutions (NBFIs) may need to be updated and deposit insurance funds strengthened. A rise in non-performing loans and disrupted borrower cash-flows will leave banks reluctant to lend, which would imperil recovery from the crisis. Where banks and NBFIs such as microfinance institutions are viable but undercapitalized, this may call for time-bound restructuring plans, private recapitalization and strengthened monitoring; where they are insolvent and not viable, they may require public support or be resolved, transferring deposits to sound banks. Any public support must be tied to comprehensive restructuring plans, good governance and an exit plan. IFC can provide direct capital to support restructuring and recapitalization of financial institutions, as well as mobilize third party capital to augment IFC's own capacity.

Pillar 4 - Strengthening Policies, Institutions and Investments for Rebuilding Better

60. The objective of interventions under Pillar 4 is to help countries achieve resilient, inclusive and sustainable recovery by strengthening policies, institutions and investments for Rebuilding Better based on transparent, sustainable debt and investments. Rebuilding Better is about achieving resilient, inclusive and sustainable recovery in a world transformed by the coronavirus. Profound transformations in economies and the ways people work and businesses operate will likely have occurred by the recovery stage. Given these expected transformations, pillar 4 will help maintain a focus on long-term development goals as plans are designed under pillars 1-3. Reviews and appropriate modifications in pre-COVID-19 era plans will be needed. Thinking early about what the new transformed world will look like and what policies, reforms and investments will be needed is essential – starting at the relief stage. When the pandemic itself is under control, financial and economic consequences will remain for years, transforming the context in which the Sustainable Development Goals are pursued.

61. Pillar 4 interventions need to be selective, yet structured flexibly, as the length and depth of the COVID-19 crisis will need to shape strategic directions to support recovery. The COVID-19 pandemic has changed the paradigm for development in fundamental ways. The WBG is adopting a flexible framework for pillar 4 that drives action despite high uncertainty regarding

the transformations arising from the lasting impacts of the COVID-19 disruption. These impacts will affect the WBG's dialogue with government and the private sector, as well as the content of support programs. The WBG, its client and partners will all need to adjust to those changes and plan accordingly.

62. As in pillars 1-3, core principles will guide WBG action for Rebuilding Better across all three stages – from maintaining a line of sight to long-term goals during the relief and restructuring stages, to regaining momentum on the Twin Goals in recovery. In the context of high uncertainty and fast-moving change, the WBG support for Rebuilding Better will be anchored in longstanding core principles including transparency; fair and equitable burden-sharing; strong focus on poverty, inequality and inclusion; respect for the rule of law; and preservation and strengthening of institutional capacities – as well as commitment to building human and natural capital, and to preserve global public goods like public health, climate and biodiversity. These principles are embedded in the entire WBG crisis response approach, across all pillars and stages. Pillar 4 interventions will serve as the platform to confirm the importance of the principles by maintaining their prominence.

63. The crisis is spurring deep changes in behaviors, preferences and societal trends which transform the post-COVID-19 world. Changes in people's daily lives necessitated by COVID-19 may persist long after the virus is brought under control. COVID-19 has shown that the way people work can change profoundly – from office work to travel. Home-based work supported by on-line tools has broken psychological barriers and will influence the future of work. Video-conferencing and remote delivery are the new standard-setters and will influence the demand for transportation. The world is moving to universal internet access, and a huge push for digital is underway as a substitute for mobility. Alternative means to deliver education (including through digital platforms) that have been scaled up massively in response to the crisis in advanced and middle-income economies are likely to remain part of educators' toolkits into the future and hold promise to expand the reach of education systems in poor countries. The health crisis has fueled demand for more resilient systems that can cover the needs of all – including pandemic preparedness as a priority across all economic and social sectors – as well as stronger systems for social safety nets that can be deployed quickly. The need for pandemic and disaster preparedness has also been thrown into sharp focus. The importance of effective, inclusive and accountable government and community leadership, particularly at local level, stands out given their role as first responders and providers of core services during both crisis and recovery.

64. Not all of these trends will be positive, and the possibility of long-lasting negative consequences is real. For example, the hard-won efficiency gains from developing global value chains with just-in-time production may be diminished as firms seek to build redundancy into their business processes to provide greater resilience to supply chain disruptions. Households will have to rebuild savings, while some firms will have disappeared and surviving ones will need to restructure operations and strengthen balance sheets. Private demand will be depressed, and government interventions will lead to higher debt and stronger public involvement in the economy. Higher debt, public and private, could make it more challenging to mobilize finance for climate action and investments in sustainable infrastructure. Emerging protectionist trends as countries restrict trade in medical supplies may become entrenched. Trade disputes between major economies could intensify. In many countries, opposition to migration has hardened. The economic hardships caused by containment policies have been far from evenly shared, accentuating gaps between rich and poor and potentially sowing the seeds of increased social

unrest. Misinformation about appropriate public health responses to COVID-19 has proliferated on social media, undermining trust in governments and technical expertise. This new socio-economic context will impact how progress on the 2030 Agenda can be restored and accelerated.

65. While certain trends may seem clear at present, considerable uncertainty remains about how the post-COVID-19 world will actually look. While the pandemic has accelerated some trends that were already in place (e.g. growing digitalization), there are now open questions about how lasting some changes will be (e.g. decline in demand for air travel, hospitality and tourism). Innovation, vaccine availability and adaptation may spark a rebound in travel and tourism through new ways to accommodate social distancing. Health systems will play a prime role in both the shape and timing of the recovery. Early discovery and widespread distribution of pharmaceutical treatments and/or vaccines for the coronavirus would hasten global recovery. On the other hand, success might depend on sustained enforcement of mitigation measures until an effective vaccine is found. In that case, recovery would likely be more protracted and uneven across countries, raising concerns about international logistics and supply chains. Under many scenarios, questions will remain whether poor countries will be left behind and what will be the path to recovery in FCSs and small island developing states.

66. The World Bank's knowledge work can help guide thinking on how to prepare for the recovery stage.

Based on its analytical and information platforms already in place, the Bank can take the lead in knowledge-sharing to promote dialogue and analytical work about the recovery stage. The T+1 paradigm (Figure 11) points to key challenges in the restructuring stage, as well as the policies on reform and redistribution needed for Rebuilding Better³⁷. This early thinking and further knowledge sharing with partners can guide the WBG's recovery response to help countries pursue restructuring and promote resilient and sustainable recovery.

Figure 11. COVID t+1: Challenges for Recovery



67. Rebuilding Better entails avoiding early policy mistakes with long-term negative consequences. Policies that treat private business poorly (e.g. delaying payment to government suppliers, defaulting on independent power producers, debt moratoriums) may permanently destroy viable enterprises and will deter future private investment. Poor management of assets acquired by governments during the worst of the crisis might lead to irreparable losses in value and prevent a profitable divestiture in the recovery stage. Continuation of subsidies or creating new means of financial support during the relief stage must balance the risk of maintaining incumbent firms and old technologies – such as energy-intensive technologies – at the expense of productivity growth and long-term development goals. Weak fiscal management during the crisis

³⁷ V. Foster, R. Islam and W. Maloney. Laying the Foundations for Recovery in COVID_{t+1}, 2020.

can lead to irreparable long-term damage to fiscal balances and reduce consumer and investor confidence.

68. **This puts emphasis on strong Governance and Institutions to ensure appropriate (re)prioritization of government interventions and actions including enhancing the efficiency of spending through better design and implementation of projects.** The application of unprecedented regulatory forbearance practices during the crisis should guard against the potential for financial disruptions and take account of social and environmental impacts (such as higher pollution or major flood losses). Protectionist trade policies would result in inefficiencies and prevent countries from benefitting from the global upswing when it arrives. More broadly, countries that sustain rule of law and a positive investment climate during the crisis are more likely to enjoy access to (public and private) foreign capital flows that will support stronger recovery.

69. **As the pandemic recedes, the policy focus will shift to promoting recovery based on growth that is both inclusive and sustainable.** Such policies will need to be adapted to starting conditions that will vary widely across different countries, reflecting the duration and efficacy of earlier measures targeted at health and crisis mitigation. Across the world, countries will need to address three fundamental priorities. The first is *rebuilding* including reconfiguring firms and supply chains (global, regional and local), expanding and enhancing digital networks, and driving sustainable growth and job creation through investments in public-private partnerships combined with education, skills training and labor market policies that will help put people back to work. The second priority is *reforming* to eliminate distortions that have undermined the enabling environment and held back productivity growth in the past, while in parallel improving resilience to future shocks.

70. **The third priority is *renewing efforts to build equity and inclusion* both to offset the regressive impacts of the crisis and to move forward towards shared prosperity.** With much of the economy in most developing countries struggling to recover and so many people in unemployment, a key question will be how targeted and extensive social assistance should be over the longer term and how this can be accommodated within fiscal constraints. It will be essential to address structural sources of inequality, including intergenerational mobility and spatial disparities. Strengthening progressivity of public spending and the taxation system are essential. Targeted labor intermediation and productive inclusion programs can help stimulate employment and raise incomes for the poor in post-COVID-19 contexts,³⁸ as can longer-term public works programs. In some countries, a renewed social contract may be required.

71. **While recovery policies will operate primarily at a national level, regional and global coordination mechanisms will also be important to amplify their impact.** As in the aftermath of the 2008-09 Global Financial Crisis, a coordinated macro-economic policy response will be critical to avoid destructive competition between countries and minimize the cost of adjustment. With the retreat of international private investors, the role of multilateral institutions in coordinating official cross-border flows of capital to under-resourced economies will be vital. Moreover, since different regions and sub-regions may reach T+1 at different points in time, there will be a role for policy coordination at that level.

³⁸ See, for example, the Costa Rica Sustainable Fisheries Development Project (P168475).

72. Rebuilding Better entails focusing on countries' climate change objectives. These are expressed in Nationally Determined Contributions; protection and sustainable use of biodiversity, and preservation or restoration of ecosystem services as presented in National Biodiversity Action Plans; and in actions to strengthen the climate dimensions of food security (Box 9).

Box 9. Climate Resilience, Biodiversity and Food Security

The COVID-19 crisis presents opportunities for countries to Rebuild Better, in a greener, more sustainable and resilient way. Landscape and watershed management, ecosystem restoration, sustainable management of forests, regenerative agriculture and food systems can create jobs quickly. These activities generate long-term benefits thanks to reduced water scarcity or flood damages, lower carbon emissions, and higher agricultural productivity and food security. They can also protect biodiversity and maintain or enhance ecosystem services that can reduce investment needs. The COVID-19 crisis also provides opportunities to strengthen food security and address the underlying causes of zoonotic diseases in developing countries – including through better managed interactions between humans, livestock and the natural environment.

These opportunities can help ensure that the WBG will meet its climate co-benefits targets despite the ongoing pandemic by supporting climate adaptation and mitigation efforts of client countries. The focus on climate resilience, biodiversity and food security as part of the WBG crisis response is aligned with the IDA19 Climate Change Special Theme.

Amid the COVID-19 crisis, the World Bank is engaging with governments to eliminate costly fuel subsidies that are harmful to the climate and environment – and redirect these resources to priorities such as health care, social protection and infrastructure. As COVID-19 response interventions shift to focusing on helping countries restore growth and strengthen social well-being, climate-informed DPFs will support sustainable and resilient recovery through climate actions, for example, shifting to cleaner transport and low-carbon energy.

73. A substantial range of focus areas will likely require new approaches for Rebuilding Better. These include:

- **Health.** The pandemic will accelerate several trends in health. Areas that are required for Rebuilding Better include improvements in health security by strengthening core public health functions and investing in systems for pandemic preparedness; improvements in financial protections for households including expanded eligibility for health programs and sick leave benefits; and maximizing efficiency in health through health sector reforms, particularly in primary health care, and more focus on innovative approaches (telemedicine, digital technologies and energy-efficient vaccine cold chains).
- **Social Protection.** COVID-19 highlights the necessity and opportunities to improve the resilience of social protection infrastructure and to develop systems that can get cash to people in a crisis. Delivery systems are being made more robust, with the capacity to deliver support more quickly to more people, by incorporating unique and universal identification, social registries of poor and vulnerable households, and electronic/digital payment mechanisms. If maintained, these systems could significantly increase resilience to other shocks, including economic crises, natural disasters and climate change impacts.
- **Private Sector Solutions.** Post-crisis, fiscal headroom and debt capacity will be severely constrained, making it imperative to find and further expand the use of private sector solutions. It will be important to crowd-in private participation in delivery of certain public

services and infrastructure (including digital access). Governments can devise public-private schemes that leverage public and private resources and capabilities to support high growth SMEs, microenterprises and startups. Governments can establish dedicated PPP units, as well as develop PPP legal frameworks, guidelines, operating procedures and tools. Steps can be taken to improve governance and build capacity in existing SME guarantee agencies, public incubators, open access for digital financial platforms and strategic investment funds. Leveling the playing field and enabling greater competition in local markets, especially in sectors that tend to be dominated by SOEs, could improve service delivery, lower costs and increase domestic revenue mobilization through privatization, dividend distribution, royalties and concession fees, as well as general corporate taxes.

- **Green Infrastructure.** Governments can strengthen policies and regulation in priority infrastructure sectors such as energy, water and transport – favoring the use of green technologies. Nature-based solutions and hybrid systems that combine infrastructure with ecosystem services present opportunities due to their lower overall cost, benefits in higher agriculture productivity and reduced drought and flood losses, and the labor-intensity of investments in landscapes, forestry and watershed management. Policies to open markets and crowd-in private investment will be needed.
- **Digital Development.** In countries with deep internet penetration, enabling remote work and remote learning has greatly reduced the cost of COVID-19 containment measures. This lesson can accelerate digital transformation for all and help bridge the gender digital divide. The role of technology will be a defining factor for resilience. Areas required for Rebuilding Better include achieving universal broadband access; improving future emergency readiness through e-applications in government and the economy; open access for fintech, digital remittances and e-payments providers; and integration of new technologies and safeguarding data privacy by better governance and online security. The crisis has also spurred attention to the need for widespread adoption of mobile money and a rapid shift towards e-based access.
- **Agriculture and Food.** Decreasing the risk of zoonotic diseases will be a priority by putting in place effective one-health and food safety systems, including an adequate incentive and regulatory framework for good agriculture practices and stepping up regulation of food outlets, especially wet markets and wildlife trade; mainstreaming healthy diets; and reducing the risk of food supply chain disruptions. Repurposing existing public support programs to agriculture, reducing import tariffs and non-tariff measures, and facilitating cross-border trade will support recovery and development of sustainable agriculture value chains.
- **Social inclusion.** The COVID-19 pandemic has exposed broad structural inequalities regarding access to health services, information, morbidity rates, labor market impacts and the ability of households to withstand economic shocks, among others. It has also underscored the role of communities and local governments as first responders and in creating a local business climate for inclusive growth. It is important to seize the opportunity to focus on citizen engagement, national dialogues (e.g. climate dialogues for a just transition), and greater inclusion in service delivery, as well as to build capacity of vulnerable communities to become more resilient to climate and other shocks, and to foster conditions for more inclusive growth.

74. **The WBG will need to exercise selectivity in helping countries Rebuild Better.** In this context, the WBG approach to selectivity and scaling up will transition towards pre-crisis modalities based on country partnership frameworks (CPFs) shaped by a limited set of focus areas that will likely require new approaches with a strong emphasis on scalability and replicability. Priority will be given to sustainable private sector solutions where possible, which can free up scarce government resources for public services and investments in people. WBG support can help governments and private clients to assist people and businesses adapt and rebuild for a new reality and to accelerate development of a greener, more sustainable, inclusive and resilient economy. This support will cover knowledge and advisory services, policy-based budget support, investment project financing, as well as IFC and MIGA instruments:

- *Knowledge and advisory services* can help governments, private sector and civil society better understand and adapt to the transformations brought on by COVID-19, as well as design policy responses and interventions at the community, national, regional and global levels³⁹.
- *Reforms supported by DPFs* can focus on public policies to adjust to the transformations outlined above, in order to set the stage for resilient and sustainable recovery. A particular focus will be given to helping stem policy mistakes that can be costly in the long run (e.g. deterioration in the investment climate or subsidies for declining sectors).
- *IFC and MIGA advice and financing* can enable private investment to rebound and create jobs. Close coordination with Bank policy work will allow deployment of the full range of WBG instruments in repairing markets. IFC and MIGA can develop large-scale solutions to mobilizing market finance by packaging and tranching risks, including through well-tailored combinations with World Bank/IDA funding.
- *IPFs can be used for public investments* to restore momentum towards long-term goals in a transformed setting. The WBG can play an active role, for example, in helping schools and health centers connect to the Internet, in upgrading urban transportation and other public infrastructure to allow social distancing, and in improving pandemic-readiness of health and other critical systems including safety nets.

75. **Rebuilding Better will require significant resources well beyond what multilateral institutions can currently provide and what most EMDEs can do on their own.** Significant public investments for restructuring and rebuilding will be needed as delineated above. Restructuring needs will grow if the crisis duration and depth are extended. Crisis-related financing will have to be coupled with policy and institutional changes to facilitate the transition. Raising the resources for Rebuilding Better will be a major challenge. The WBG can play a constructive role in advancing dialogue that might offer innovative financing solutions.

Macroeconomic Stability and Transparent Debt Management

76. **Rebuilding Better necessitates a strong foundation of macroeconomic stability, fiscal strength, and effective debt management – including debt transparency.** Before the COVID-19 crisis, a substantial number of developing countries already showed signs of over-indebtedness. The expenditure needs of the relief stage are making the situation substantially more difficult. In April, the IMF projected that public debt to GDP ratios would increase by 8.8 percentage points

³⁹ Research demonstrates that WB non-lending instruments are effective tools to influence the policy priorities of client countries. <http://documents.worldbank.org/curated/en/852751588260919707/How-Does-the-World-Bank-Influence-the-Development-Policy-Priorities-of-Low-Income-and-Lower-Middle-Income-Countries>

for EMs and 4.4 percentage points for DEs in 2020⁴⁰. An extended relief period would push these increases higher, and the financing requirements for restructuring and recovery will add to the debt burden. Policy action and financing to ensure adequate fiscal space for crisis interventions and maintenance of service delivery are essential to successful crisis response. Developing countries with large fiscal deficits or large debt burdens are particularly vulnerable including IDA countries at heightened risk of debt distress. New bouts of debt distress and/or financial instability are possible and will become more likely in the absence of stepped-up external support.

77. **The WBG can help scale up the impact of its health, social and economic responses – as well as support for recovery under pillar 4 – through policy-based lending to support a limited and feasible set of policy actions.** In some countries, however, this quick-disbursing support, even when combined with that of the IMF and MDBs, may not be adequate – particularly in countries where COVID-19 is causing a major increase in debt vulnerabilities or a significant reduction in creditworthiness. In such contexts, effective scaling up may require broader international action such as debt relief (for LICs) or credit enhancements (for MICs).

78. **Macroeconomic stability must be anchored by sustainable paths of public and external debt.** The Bank is coordinating closely with the IMF in all areas of fiscal and debt management under the crisis response. WBG support to assist countries in strengthening their fiscal frameworks and improving debt paths entails a mix of instruments including DPFs. WBG technical support will focus on expenditure monitoring, debt transparency and debt management – including support for implementing agreed debt relief initiatives. World Bank actions include:

- *Enhance debt sustainability analysis (DSA) for both LICs and MICs.* The DSAs should shed light on measures to be undertaken to ensure that countries have the fiscal space for essential emergency and recovery actions.
- *Help countries manage public debt vulnerabilities under crisis conditions.* It is critical for countries to ensure that debt management and debt sustainability are firmly embedded in policymaking. The World Bank and IMF are intensifying efforts under existing platforms to help countries improve debt management and debt transparency, strengthen debt analytics and early warning systems, bolster country capacities on debt and fiscal risk management, strengthen debt transparency, reduce contingent liabilities from disasters and climate impacts, and improve compliance with limits on non-concessional borrowing. For IDA countries, debt is a cross-cutting issue under IDA19 and the Bank's Non-Concessional Borrowing Policy is being replaced by a new Sustainable Development Finance Policy (SDFP) covering all IDA countries in IDA19⁴¹. The SDFP will focus on improved debt transparency including enhanced creditor outreach, building on IDA's global convening role to promote debt transparency, outreach and creditor coordination on sustainable lending practices (Box 10).

⁴⁰ IMF Fiscal Monitor, April 2020.

⁴¹ The SDFP aims to support IDA clients to strengthen policies, institutions, and practices for transparent and sustainable financing of development goals. The SDFP will be an additional tool to foster better debt management and transparency.

Box 10. Debt Transparency

In the context of rising debt vulnerabilities, debt transparency has become critically important. Public debt levels in developing countries have increased substantially. Historically low interest rates and the emergence of new external creditors have driven a change in public debt towards more complex, market-based instruments. Countries have accumulated more debt through SOEs and special purpose vehicles. Evidence suggests the true extent of these additional borrowings remains opaque.

Public debt transparency allows creditors and borrowers to take informed decisions, helping to safeguard debt sustainability. It acts as a preventive mechanism for emerging risks, informing debt strategies and the building of early warning systems. Debt transparency also helps citizens hold governments accountable.

The World Bank's approach on enhancing debt transparency rests on three pillars:

- **Supporting debt transparency reforms in borrowing countries** through operational engagements, technical assistance and advisory services. The Bank is implementing transparency pilots in two regions, drawing lessons from transparency reforms.
- **Monitoring public debt levels** through the joint Bank-Fund Debt Sustainability Framework (LIC-DSF). Public debt coverage in debt sustainability analysis (DSAs) has been expanded. The Bank is also launching a debt transparency tool which enables to track progress over time in IDA countries.
- **Enhancing creditor coordination around debt transparency issues** through: (i) technical meetings and trainings with MDBs and other creditors; (ii) G20 engagements and (iii) supporting the Principles of Debt Transparency for private creditors as members of the Institute of International Finance working group.

Debt transparency efforts are implemented in close cooperation and coordination with broader World Bank policies. Transparency will feature prominently in policy and performance actions under the new Sustainable Development Finance Policy. Debt transparency is a cornerstone of the joint Bank/IMF multi-pronged approach (MPA) and a priority area of IDA19 commitments. Enhancing debt transparency is a guiding principle of the COVID-19 related G20 Debt Initiative. Debt transparency is also supported through IDA19 commitments.

Although much more is needed, progress in debt transparency has been achieved. Transparency prior actions have been included in several operations, leading to enhanced reporting, for example in Ethiopia and Grenada. Under the LIC-DSF, debt coverage was improved in several countries (e.g. Cameroon, Mozambique and Senegal). Technical assistance was provided to Angola which led to the country's first public debt management strategy and disclosure of information on SOE debt. Finally, the World Bank and IMF supported the G20 in implementing the sustainable financing guidelines and developed a self-assessment tool for official bilateral creditors.

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- *Support financial management, tax and expenditure reforms that can contribute to creating fiscal space.* Measures to improve expenditure oversight and control can identify quick wins for increasing fiscal space and are also critical to ensure that fiscal resources for relief and recovery – including budget support under WB DPFs – are used efficiently, progressively and transparently. Record low oil prices provide an opportunity to redirect large tax expenditures from fuel subsidies to crisis response, with added benefits in terms of long-term carbon emissions. Reforms to transport subsidies could also create space for emergency spending, as would climate-responsive reforms to agriculture subsidies.
- *Support measures required for macroeconomic stability, fiscal strengthening and maintenance of service delivery – as well as selected policy and institutional reforms under the four pillars – through DPFs.*

- *Support implementation of agreed debt relief initiatives.* G20 official bilateral creditors have agreed to provide a time-bound suspension on debt service payments from May 1, 2020 until December 31, 2020 to all eligible IDA countries and LICs requesting forbearance, without application of penalty, interest or late fees. The objective is to help poor countries meet an increase in liquidity needs, to enable an effective response to the crisis, and to limit its duration. Beneficiary countries would commit to direct the additional resources towards mitigating the economic, health, and social impact of the COVID-19 crisis. Expenditure monitoring will take place with technical assistance from the World Bank and IMF⁴².

Engaging Clients

79. **Crisis response is not business as usual, and the WBG will adapt its engagements to the crisis response approach outlined above – while continuing to serve all clients.** The WBG crisis response maintains the policy ambitions set out in the 2018 Capital Package for engaging with clients across the income spectrum – including strong, selective WBG engagement in the upper income range of clients – while prioritizing financing towards countries below the IBRD GDI. IDA-eligible countries will continue to receive support via the record IDA18 and IDA19 replenishments. The IDA19 Special Themes remain relevant but need to be viewed through the lens of COVID-19. The crisis response also maintains the goal of scaling up the volume and types of financial support the WBG provides for FCV, as well as scaling up of WBG support for small states (Box 11). Modalities for adapting client engagements to the crisis response will be the subject of continued consultations with the Board, including the upcoming discussion on JET and with IDA Deputies including at an upcoming special meeting in June.

⁴² This monitoring will focus on tracking and reporting on high-level aggregates on COVID-19-related public expenditure and loss of government revenue across four variables: (i) total amount of debt service suspended; (ii) total amount budgeted and spent on COVID-19 prevention, containment, and management; (iii) total amount budgeted and spent on COVID-19 support to households and businesses; and (iv) total revenue lost due to the fall in economic activity.

Box 11. Supporting Caribbean Countries to Confront COVID-19 and Invest in the Future

The COVID-19 pandemic poses severe and disproportionate risks to Caribbean small island developing states (SIDS). A combination of vulnerabilities – including high reliance on tourism, commodity exports, and remittances; high exposure to climate change and extreme weather-related events; and high indebtedness – constrains fiscal space and room for maneuver across the region. As countries confront the wide impacts of pandemic, the WBG's customized, cross-cutting approach to building resilience includes:

- **Health emergency.** Access to Fast Track COVID-19 Facility (FTCF) financing enabled the Bank to respond quickly to the health threat by activating Contingent Emergency Response Components (CERCs) for IDA-eligible SIDS and by preparing new FTCF health operations for high-income countries. A regional health project, which became effective shortly before the pandemic, is helping four Eastern Caribbean islands improve resilience for public health emergencies and extreme hazards.
- **Protecting the poor and the vulnerable.** CERCs are being activated to provide social protection to vulnerable groups and finance public works for job creation. Existing social protection operations in SIDS are strengthening targeting, improving coverage, and establishing information systems.
- **Maintaining fiscal sustainability.** COVID-19 puts additional fiscal pressures and threatens fragile gains to ongoing Bank support for fiscal responsibility reforms. Technical assistance will continue, complemented by DPFs where possible, to help countries respond to COVID-19 impacts and support reforms for recovery.
- **Strengthening disaster risk management.** Three Category 5 hurricanes hit Caribbean islands in the last three years alone. COVID-19 increases vulnerability, making CAT-DDOs a key platform to help countries absorb the fiscal shock of a potential future disaster. In addition, work on infrastructure resilience, through a “build-back-better” approach, is already well advanced.
- **Preparing for a resilient and sustainable recovery.** Recovery through economic diversification is being supported by harnessing the opportunities of the region’s vast “blue economy” ocean resources. Country-level measures are now being expanded through a proposed regional Blue Economy IPF, while a proposed regional digital transformation IPF will help advance the digital economy.

III. Operational Approach for WBG Crisis Response to COVID-19

80. **The WBG's response to help Save Lives was fast and globally coordinated – due to the global public goods nature of addressing a pandemic.** The COVID-19 Strategic Preparedness and Response Program (SPRP) – a dedicated operational approach, agreed with the Executive Board – is underway. As a Multiphase Programmatic Approach (MPA), the SPRP comprises country-specific emergency health projects (mostly IPFs) that enabled the Bank to have crisis response programs running in over 100 countries in a matter of just a few weeks.

81. **The Social and Economic responses require a different approach, as country-specific initial conditions and context call for a selective and tailored response, deploying the full set of WBG instruments.** The social response is under implementation including approval and disbursement of a US\$750 million social protection operation in India in May⁴³. World Bank support under the economic response includes operations in Mexico (under implementation)⁴⁴ and Morocco (submitted June 1, 2020 on an absence-of-objection basis)⁴⁵. Operations under the social and economic responses are supported by ASA on policies, institutions and debt under pillar 4.

82. **The IFC and MIGA responses are also under implementation in full coordination with the World Bank.** The IFC and MIGA early responses complement each other and the early action by the World Bank. IFC and MIGA will operate across multiple pillars (with a focus on economic responses under pillar 3) and through all three stages. IFC phase 1 is under implementation: on March 17, 2020, the Board of Executive Directors approved the US\$8 billion IFC Fast Track COVID-19 Facility. Preparation of IFC phase 2 is well advanced and aims at addressing the private sector needs during the restructuring and recovery stages in pillar 3. Phase 2 will complement the work by the World Bank in all other pillars in terms of supporting client countries to limit downside risks from the pandemic, while maximizing use of the Cascade to lower the strain on public sector debt. It is important to note that many of the IFC initiatives under Phase 2 will need to rely on appropriate actions taken by governments to mutualize risks, reform underperforming sectors, level the playing field with subsidy removals, open up competition, and provide guarantees and other forms of risk mitigation and credit enhancement (Boxes 6 and 8).

83. **In response to the COVID-19 crisis, MIGA has redirected its program to launch a US\$6.5 billion Fast-track Facility** that provides support for: (i) the emergency health response through guarantees to credit-enhance governments to secure financing for urgent medical supplies and services; and (ii) the emergency economic response through guarantees to credit-enhance commercial borrowings by sovereign, sub-sovereign and SOE clients and guarantees to support IFC trade finance in IDA/FCS and LMICs (Box 6 above).

84. **The COVID-19 pandemic demands WBG engagement with unprecedented speed, scale and selectivity.** The WBG COVID-19 Social, Economic and Rebuilding Better Responses will use all operational instruments, innovative approaches and resources available to deliver timely, high-quality financial and technical support. WBG financing will embed consistent attention to quality and adherence to high technical, fiduciary, and social and environmental standards in order to optimize the use and impact of WBG support. Close coordination and

⁴³ Accelerating India's COVID-19 Social Protection Response Program (P173943).

⁴⁴ Mexico - COVID-19 Financial Access DPF (P172863).

⁴⁵ Morocco - First Financial and Digital Inclusion Development Policy Financing (P171587).

collaboration with key partners will be critical for promoting complementarity, scale and impact; the modalities for coordination will adapt over time in line with evolving circumstances and growing knowledge and experience. The WBG will customize and adjust the design of response programs at the country level, including the most appropriate mix of instruments, to meet the specific needs and circumstances of each country. Many operations will combine medium-term reforms that governments have been working on with measures needed to respond to this particular crisis. Financial support will be complemented by a major push on analytical and advisory services for clients, including IFC advisory products aimed to better prepare countries, sectors and firms for a sustained recovery through project development facilities and scalable platforms. On the Bank's side, ASA will include renewed emphasis on core diagnostics such Public Expenditure Reviews, Poverty Assessments and Country Economic Memorandums to help countries manage new challenges arising from the crisis.

85. The WBG is operationally positioned to respond, for three reasons:

- The multi-sectoral nature of the crisis, involving public health measures, economic and social impacts across the economy (with often complex policy tradeoffs), calls for a multidisciplinary approach. The World Bank's Country teams and IFC's regional teams, most of whom are field based, draw on country knowledge and working relationships to support well-informed responses. This is complemented by global knowledge and research in PGs, IFC industry departments and DEC, along with evaluative experience from IEG on what works.
- There is a need for a substantial envelope of resources as well as knowledge and advisory services that the WBG can provide. While not sufficient to cover all needs, the WBG can help marshal resources from other development partners and shape programs with country authorities to shorten the recovery period. Speed and scale of response are critical to ensure that the temporary negative impacts of COVID-19 do not have permanent negative consequences, notably by eroding human, social and natural capital.
- As the MDB delivering the highest climate co-benefits in recent years, the WBG is well positioned to support an economic recovery that embeds climate-friendly responses, policies and relative prices, so that developing countries can emerge from this crisis greener, more resilient and sustainable.

86. The social, economic and human implications of the COVID-19 crisis continue to emerge, and country needs are likely to evolve significantly. The adjustments countries need to make to their medium-term policy, budget and financing priorities as a result of the COVID-19 crisis will necessitate corresponding adjustments to country programs, and hence may require departures from the existing CPFs and CENs. Given the fluid situation, CPFs that have recently ended or are coming to an end in the next 15 months will be extended to defer the development of new CPFs until the return of more steady conditions. For countries where new CPFs/CENs/PLRs were already under preparation, their finalization would be deferred until it becomes possible to articulate, in consultation with the government, a WBG program that is appropriate for the changed circumstances. Management will work with IEG to address these extensions in the CLR.

Box 12. WBG Financial Instruments for Crisis Response

Development Policy Financing (DPF). Given the need for the Bank to support country policy and institutional responses to COVID-19, DPF operations will account for a larger share of commitments than in non-crisis years. DPFs will also help address fiscal pressures arising from lower revenues and higher expenditure requirements to respond to the crisis including critical financing for sustaining service delivery and stepping up support to households and firms. Most DPFs supporting the private sector and economic recovery will benefit from IFC and MIGA inputs. The content and amounts of DPFs will reflect policy measures needed to respond to the crisis and support medium-term recovery. In certain circumstances, when it is not feasible to prepare a new DPF, supplemental financing might be provided for existing DPFs in response to the unanticipated financing gaps created by the crisis. The IMF has agreed that its inputs on the adequacy of the macroeconomic framework would need to be more recent than the customary range of up to six months prior to Board submission for all DPFs that would be submitted to the Board through end December 2020. Programmatic approaches may be pursued where medium-term engagement is needed to support structural reforms required to sustain recovery and build resilience.

Investment Policy Financing (IPF). Stand-alone IPFs are one of the most versatile instruments that will be used to respond to countries' needs across all areas of crisis response. New IPFs will be prepared alongside restructuring of existing IPF operations.

Guarantees. IBRD and IDA guarantees will be utilized as appropriate – either stand-alone or as part of IBRD or IDA financing packages, with or without IFC financing and MIGA guarantees.

Additional Financing (AF). As part of the response to COVID-19, management will consider scaling-up ongoing IPF projects, most prepared using safeguards policies. Such AF will be limited to scale-ups that do not involve new, modified or expanded activities expected to have significant environmental or social risks or impacts, or raise the Safeguards category of the overall project to Category A. Such scaled-up activities will be prepared and implemented under the safeguards policies that apply to the existing parent project; the safeguard assessments related to such activities will take into account risks and approaches in place at the time of AF preparation tailored to operating in the COVID-19 context, including risks and mitigation measures applicable to Sexual Exploitation, Abuse and Harassment/GBV, occupational health and safety, labor, social inclusion and stakeholder engagement.

Program for Results (PforR). Stand-alone PforRs and restructuring and AF to existing PforRs will be used. At the outset, it is expected that these will focus especially in the areas of social protection, education, and health, but they could also focus on urban or rural management.

Multiphase Programmatic Approach (MPA). In situations that will benefit from a coordinated program of phased activities within a country or across countries in response to the economic and social impacts of COVID-19, an MPA may be considered and presented to the Board, along with the first operations that would be subject to Board approval.

IFC Investment Products. IFC will provide cumulative resources through short-term, long-term and mobilization products to new and existing clients impacted by the COVID-19 pandemic and those with investment plans to support the recovery stage. Direct financing will be provided in the form of loans, subordinated or mezzanine debt, and equity, as well as trade lines and working capital facilities. IFC will seek to mobilize other MDBs, private investors and donors to complement the interventions for Phase 2 and beyond given that the magnitude of the pandemic will require a large, global response across different sectors. IFC expects the balance between short-term, trade, debt, equity, crisis response and long-term investments in support of liquidity access, recapitalization needs and long-term private sector investments to shift over the next few years as countries move across the different stages of the crisis. The immediate and next year deployments are expected to be tilted towards trade finance and working capital facilities (with tenors of 3 years or less) while the proportion of long-term investments (beyond 3 years) is expected to gradually increase as countries restructure and start building up for a sustained recovery from the effects of the COVID-19 crisis. Equity and mezzanine instruments will be particularly important tools to strengthen banks' and other private sector companies' balance sheets following the crisis, so they in turn can support the economic recovery through increased risk appetite for growth and long-term investments.

87. **The WBG is drawing from its unique toolkit of knowledge and financing instruments to meet urgent client needs and help build resilient and sustainable recovery.** In designing the COVID-19 response programs, the WBG will deploy all instruments within the parameters

and options embedded in the operational policy and procedural framework governing DPF, IPF and PforR instruments, including the guarantee options and MPA approach; as well as IFC's policies and procedures (including performance standards, integrity due diligence and financial risks). The precise mix of the instruments will reflect each country's financing needs, response program, circumstances and capacity. All ASA instruments and financial instruments (Box 12) may be used in all pillars.

88. Responsive, high-quality WBG client engagement will utilize and cross-leverage all options available in the WBG's operational framework. The Bank will rely on most appropriate options, including emergency streamlined procedures embedded in policies, directives and procedures applicable to each instrument, while ensuring quality at entry and adherence to high technical, fiduciary, and environmental and social standards and requirements. Project teams will also have the flexibility to adapt disbursement methods to needs of the emergency operation's implementation arrangements, including through use of positive lists. Relatively large advances, flexible Disbursement Agreement (DA) ceilings and higher eligibility for retroactive financing can be used to respond to liquidity needs. IFC will first use trade finance and working capital instruments to support access to liquidity for banks, SMEs and corporates. Over the next few months, IFC will seek Board authorization to pursue investments in sector and country-based platforms to expedite decision making and delivery in sectors with acute needs for long-term debt and equity capital.

89. Designing COVID-19 response and recovery interventions in an FCV-sensitive manner will require careful attention. COVID-19 response and recovery interventions in FCV/FCS context will be guided by the FCV Strategy with appropriate adaptation to the COVID-19 circumstances. Key guidance informing the WBG responses in FCV/FCS contexts aims to: (i) strengthen community engagement; (ii) preserve and strengthen key institutions and services; (iii) support vulnerable groups, including refugees, internally displaced persons and host communities; (iv) mitigate the escalation of FCV risks and strengthen sources of resilience; and (v) link emergency response to conflict sensitive recovery. In addition, in the context of COVID-19 and particularly in FCV settings often characterized by insecurity, it is essential to adapt implementation modalities⁴⁶.

Tracking Impacts and Results

90. The WBG is putting in place mechanisms at the global, regional, country levels and within each operation to track the progress of its COVID-19 crisis support responses across all four pillars. These mechanisms will measure progress toward intended objectives and help identify needed adjustments through an adaptive learning process.

91. Key tracking mechanisms being put in place include:

- *A high-level system to track progress toward the WBG's ambition to help client countries assist at least one billion people impacted by the COVID-19 crisis and restore forward momentum on the long-term development agenda.* This system will include indicators on the number of beneficiaries under the health emergency, social and economic responses.

⁴⁶ This includes leveraging ICT solutions for remote supervision (e.g. Geo-Enabling Initiative for Monitoring and Supervision), supporting implementation efforts through third-party monitoring, and working with humanitarian, development, peace and security partners with on-the-ground presence and capacity to reach the most vulnerable and marginalized communities.

- *Results Monitoring and Evaluation Arrangements under the SPRP MPA.* Monitoring and evaluation activities under the SPRP MPA are embedded in each project. Tracking of corporate commitments (including Gender Tag and Climate co-benefits) will continue.
- *IFC will also track and provide updates on its COVID-19 response on a regular (monthly) basis to the Board through Board Operations System.* In addition, on a quarterly basis, the IFC Operational Report to the Board (IOR) will include a targeted section with an overview of IFC's COVID-19 response across approved facilities and platforms, with details around products, sectors, countries and regions. On an annual basis, also in the IOR, IFC will provide a more detailed analysis on the impact of IFC's COVID-19 response.

Early Experience

92. **The early experience of delivering COVID-19 support has been encouraging.** WBG staff moved quickly at the outset of the pandemic to engage with clients and partners on the emergency response and to reinforce links to long-term development goals. The COVID-19 crisis response to date has reinforced the unique value of the WBG global footprint, which enables well-tailored engagement with clients worldwide. The vast majority of field-based WBG staff remained in their duty stations while working from home – sometimes under trying circumstances. Looking ahead, field-based supervision will play an important role in supporting clients' implementation of the growing WBG portfolio. WBG experience since the onset of the pandemic also points to scope to further complement the physical footprint through digital tools. During lockdowns, for example, WBG global teams maximized the use of virtual tools to deliver an unparalleled surge of emergency support to fight the pandemic in over 100 countries. Leveraging virtual meeting tools, the WBG also achieved several historic 'firsts', including the first virtual Spring Meetings in April 2020, and the first virtual knowledge-sharing sector week.

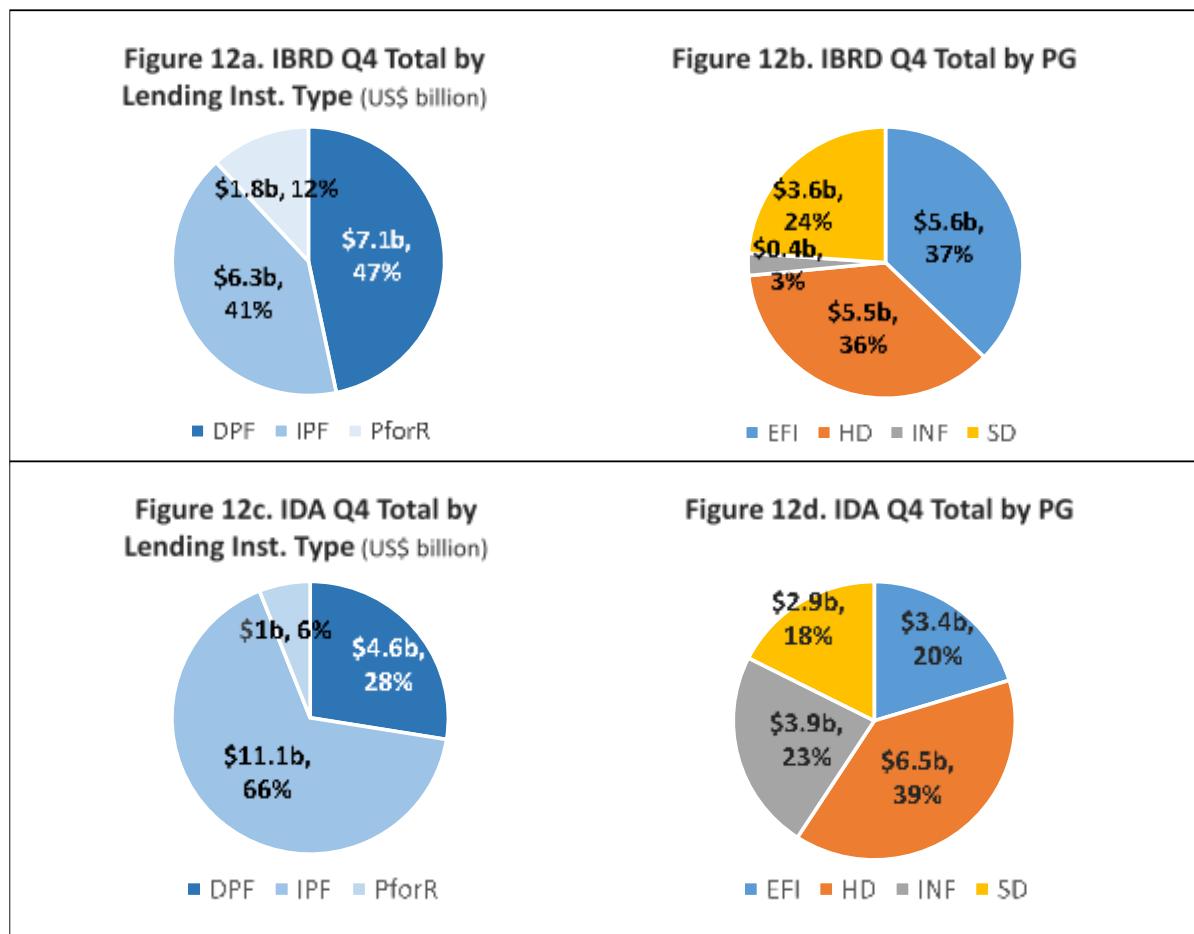
IV. World Bank Group Financial Capacity

93. In light of the surging country demand triggered by the pandemic, the WBG is leaning forward with an approach that maximizes available near-term financial capacity while preserving financial sustainability over the long term.

94. The wide impacts and continued high uncertainty around the COVID-19 pandemic poses exceptional demands for flexible, fast and focused WBG client engagement. In order to support an exceptional response to address country needs, WBG plans to stretch to make available financing of US\$160 billion over the 15 months spanning FY20Q4 and FY21. The bulk of this capacity is approximately evenly spread across IBRD, IDA and IFC, with smaller amounts from MIGA and Trust Funds contributing the rest. It includes the US\$14 billion Fast Track Facility to assist client countries in their immediate response to COVID-19, comprising US\$8 billion from IFC and US\$6 billion from IBRD and IDA. To encourage cancellations of projects that are low-performing or no longer priority, countries will be allowed to keep the exposures freed up by any projects they cancel.

95. In FY20, this means the deployment of US\$28 billion for IBRD countries and US\$30 billion (including project restructurings) for IDA countries. As Figures 12a-d show, this

Figure 12a-d. Overview of World Bank Lending, FY20 Fourth Quarter (Q4)



includes expected FY20Q4 IBRD commitments and restructurings of US\$15 billion, and IDA commitments and restructurings of US\$17 billion. The focus of Q4 lending on COVID-19 response is reflected in the large share of the Q4 commitments in HD (primarily health) and EFI (economic/fiscal response) practices, as well as a higher share of DPFs (especially in IBRD countries).

Country Financing Needs

96. A range of scenarios can illustrate the potential external financing gaps arising from the crisis for IDA and IBRD countries in FY21 and thereafter. Table 2 presents a range of outcomes in a simple matrix form – separately for active IDA countries and active IBRD borrowers. Considering a range of total crisis-related financing needs up to 10 percent of GDP in aggregate, and a range of 25-75 percent for the share of these crisis needs that would need to be financed externally, the table shows the resulting annual financing gap in billions of US dollars. For example, assuming a 50 percent share of external financing, the annual financing gap for IDA countries ranges from US\$25 billion (for crisis needs equal to 2.5 percent of GDP) to US\$100 billion (for crisis needs equal to 10 percent of GDP). The equivalent range for IBRD borrowers (representing approximately one-third of MIC GDP) is US\$150-600 billion annually. Higher (75 percent) or lower (25 percent) external financing shares give higher or lower financing gaps for any given crisis need in GDP terms. Incremental crisis needs can be expected to decline over time and the resulting decline in the financing gap can be estimated by moving progressively across the

**Table 2. WBG Borrowing Countries: Medium-term Financing Gaps
arising from COVID-19 Crisis (US\$ billions, annual)**

Active IDA Countries		Medium-term Crisis Needs (% GDP) 1/			
		2.5%	5.0%	7.5%	10%
External Financing (%) 2/					
25%		12.5	25	37.5	50
50%		25	50	75	100
75%		37.5	75	112.5	150
Total GDP (2018)		2000			

IBRD Borrowers		Medium-term Crisis Needs (% GDP) 1/			
		2.5%	5.0%	7.5%	10%
External Financing (%) 2/					
25%		75	150	225	300
50%		150	300	450	600
75%		225	450	675	900
Total GDP (2018)		12000			

1/ Medium-term Crisis Needs defined as incremental gross financing need (public + private) arising from COVID-19 crisis.

2/ External Financing is the share of Crisis Needs requiring external financing.

table from right to left. All expectations at present, however, are that the financing needs of developing countries arising from the COVID-19 crisis will be both exceptionally high in GDP terms and persist over the medium term⁴⁷. To estimate total annual financing needs in full, incremental crisis needs should be added to the pre-crisis baseline for each client country.

World Bank Financial Capacity

97. Sustained exceptional support will be critical as developing countries struggle to overcome the COVID-19 crisis and transition to recovery through Rebuilding Better. The significant financing gaps in the range of scenarios presented in Table 2, combined with debt vulnerabilities of many countries, highlights the importance of the WBG having the financial capacity to lean forward, in a context of IFI coordination and equitable burden-sharing via country participations in initiatives such as the G20 DSSI. Ensuring robust WBG financial capacity is all the more critical in view of continued uncertainty on the depth and duration of the crisis.

98. A review of recent historical experience of World Bank crisis lending highlights the important role IBRD and IDA have played in responding via exceptional lending in previous crises. Analysis of WBG lending during recent crisis episodes underscores the following:

- *IBRD's lending trajectory showed a strong lending surge in previous crises.* In particular during the 2008-09 Global Financial Crisis, the substantial headroom due to the comfortable capitalization relative to exposure at the time, with an equity-to-loan ratio of 37.5 percent at the beginning of the crisis, enabled a lending surge in FY09-10. In comparison, IBRD's current E/L ratio is relatively close to the 20 percent policy limit which constrains the extent of leaning forward that is prudent.
- IDA countries were less affected by the Asian and Global Financial crises as many IDA countries were less integrated into international trade and capital markets compared to today.
- *WBG lending represented a significant portion of the overall IFI response to the 2008-09 Global Financial Crisis,* including IMF, both in terms of commitments and in terms of disbursements (where the WBG led all others).

World Bank Financing in FY21

99. IBRD lending levels are governed by the Financial Sustainability Framework (FSF), which requires annual lending to be aligned to sustainable levels over a 10-year horizon while preserving space for crisis response and complying with its capital adequacy policy of maintaining a minimum equity-to-loan ratio of 20 percent.

100. Alongside the upper-bound on total IBRD lending under the FSF, IBRD's capacity to respond meaningfully to several countries is constrained by the impact of prudential exposure limits on country-level lending programs including the Single Borrower Limit. Options to partially address these constraints include:

- Mechanisms such as Special Private Placement Bonds in order to prudently create more space for larger borrowers while containing concentration risk.

⁴⁷ As a point of reference, a sample of 20 EMs experienced an increase in external financing requirements (EFN) of approximately 5 percent of GDP during the 2008-09 GFC and approximately 3 percentage points of this increase has persisted through 2019 (compared to the average over 2003-07). See: IMF Global Financial Stability Report, April 2020.

- Bilateral Donor Guarantees in order to prudently create more space for constrained borrowers.

101. Towards boosting crisis response and promoting lasting recovery, IDA is leaning forward to meet client demands through scaled-up support over the next 15 months. IDA financing is governed by the financial framework for IDA18 and IDA19, which in turn is based on longer-term financial sustainability. In FY20, IDA will fully utilize the remaining envelope under IDA18's US\$75 billion commitment authority, including through policy reallocations⁴⁸.

102. Reaching inactive countries through trust funds complements and amplifies the reach and impact of the IBRD and IDA partnership, including:

- *Inactive IBRD/IDA Countries:* A number of countries requiring crisis response support do not have access to IBRD/IDA financing. Inactive countries include those in arrears and non-creditworthy IBRD countries. Non-members such as West Bank & Gaza are a special case, as are Syrian refugees. Trust funds can be particularly important to provide support to FCV-impacted countries in arrears (e.g. Sudan, Zimbabwe) and non-members (West Bank and Gaza), and help them address the potential exacerbation of FCV risks brought about by COVID-19. As discussed in Section V, the new *Health Emergency Preparedness and Response Multi-Donor Fund* (HEPRTF) will help but will not be sufficient alone. Donors have been asked to consider urgently redirecting resources in their Donor Balance Accounts (DBAs) and to make new pledges to existing trust funds positioned to help these countries.
- Separately, the *Pandemic Emergency Financing (PEF) Facility* was triggered for the ongoing COVID-19 pandemic on March 31, 2020 and is expected to contribute US\$196 million that will be made available to countries with greatest need.

IDA and IBRD Country Lending Envelopes

103. For IBRD, country lending envelopes for FY21 will need to reconcile high demand with supply considerations, paying due attention to avoid a first-come first-served approach. Even after efforts to reprioritize the pipeline and repurpose the portfolio, the rise in demand for IBRD support in FY21 is expected to exceed available financing. Country lending envelopes will be guided by principles aligned with operational, financial and development objectives – including considerations of equity across members, commitments made in the 2018 Capital Package, consistency with IBRD's exposure management framework including single borrower limits, and – crucially – the need to direct resources where they are needed most. In an iterative process, reallocations would be made as necessary to ensure consistency with country exposure limits, to meet the Capital Package commitments regarding shares to above and below GDI countries, and to take into account relative need and country demands.

104. For IDA, three-fourths of IDA resources will be provided directly to countries as country allocations – which provide unearmarked country envelopes – and the remainder from IDA windows which complement these resources and address thematic issues. The country allocations consist of Performance Based Allocations (PBA) system which remains the centerpiece of resource allocations and the FCV allocations which will enable targeted resource boosts to address FCV drivers and sources of resilience. These additional resources will be targeted

⁴⁸ Update on IDA Contribution to COVID-19 Pandemic Response, April 24 (IDA/R2020-0141).

to countries that are also mobilizing their other creditors to contribute to creating fiscal space early in the crisis response, including through participation in the G20 DSSI.

World Bank Financing beyond FY21

105. Beyond FY21, the World Bank may face constraints on its financial capacity to provide robust client support for resilient and sustainable recovery. Beyond FY21, the World Bank may face constraints on its internal resources right at the time when client countries are beginning to turn the corner and urgently need the WBG's exceptional support to continue. It is increasingly clear that IBRD and IDA country needs will remain elevated in FY22-23. This is a particularly pressing concern for IDA countries given higher economic vulnerability and fragility, and the prospects of reduced market access for many of these countries. Scaling back investment would put the recovery in jeopardy. Action and tradeoffs will be needed to ensure the financial capacity to sustain a robust, selective response in the medium term. Exploring options to strengthen World Bank capacity for supporting the restructuring and recovery stages requires an assessment of the longer-term resource gap between Bank capacity and country needs in the post-COVID-19 world, including linkages with the WB/IMF debt sustainability assessments during the period of the G20 DSSI and beyond. This merits further consultation with shareholders and IDA Deputies.

IFC Financial Capacity

106. While IFC's pre-COVID capital position was strong, expected losses due to the COVID-19 crisis may constrain IFC's financial capacity. The deliberate slowdown in equity commitments over the past 4 years and the recently approved IFC capital increase did set IFC up well for a strong response to the economic effects of the COVID-19 outbreak and the ensuing economic crisis faced by existing IFC clients and other private sector players in EMDEs; provided its capital increase encashments proceed swiftly. Current estimates indicate that IFC can provide adequate financial support in FY21 in short-term, long-term and mobilized funds through guarantees, debt and equity products. IFC's financial capacity beyond FY21 will depend on the speed of the IFC capital increase encashments, as well as on the depth and length of the economic crisis as it affects the performance of IFC's portfolio, especially equity investments.

V. Building a Coordinated International Response to the COVID-19 Pandemic

107. International solidarity and cooperation are fundamental for supporting country efforts to beat the COVID-19 pandemic successfully and sustainably. Given the scale of the COVID-19 crisis and its uncertain depth and duration, maximizing the resources, ideas, networks, comparative advantages and expertise of a diverse spectrum of development actors is essential. The WBG is part of a broad-based global coalition to combat COVID-19. An extensive alliance of humanitarian agencies, development institutions, bilaterals, Civil Society Organizations (CSOs) and the private sector is supporting crisis responses in developing countries across the income spectrum. The WBG is deploying its partnerships and platforms to help build this coalition. The Bank is cooperating with the global community on the COVID-19 Accelerator to speed development of a vaccine and ensure its accessibility to citizens and residents of all countries, regardless of income level (Box 13).

Box 13. Supporting the global effort to develop a COVID-19 vaccine

The World Bank is working closely with partners on a ***COVID-19 Accelerator***, which aims to speed up the development and deployment of universally available and affordable vaccination, treatment and diagnostics accompanied by health system strengthening. A commitment to ensure *fair and equitable access to vaccines for all countries* is at the core of this effort, with special emphasis on the poorest and most vulnerable countries. Through financial support along with technical and advisory input, the WB is helping developing countries strengthen their pandemic response and health care systems – vital for the effective distribution and delivery of vaccines. WB support to the partnership will focus on two of four workstreams: (i) vaccines, and particularly the link to advanced market commitments, and (ii) health systems. The other two workstreams are therapeutics and diagnostics. On May 4, the EU led a pledging conference that mobilized US\$7.4

108. Coordination and Cooperation – including with the IMF, Multilateral Development Banks, UN agencies, foundations, Parliamentarians, private sector and CSOs – are key to the WBG crisis response. Dialogue between the World Bank and IMF has intensified since the onset of the pandemic earlier this year. Close coordination with the IMF throughout the crisis will enhance debt sustainability analysis, help countries manage debt vulnerabilities and fiscal space, support fiscal reforms, and ensure consistency of public spending and policies with macroeconomic stability. Close cooperation with the UN is particularly important in FCV contexts in order to provide support to countries and vulnerable communities across the humanitarian-development-peace nexus. Close coordination with partners will be pursued operationally at the corporate, regional and country levels with participation of Bank staff worldwide.

109. Safeguarding global public health requires boosting capacity to stem the spread of the virus everywhere – including in fragile settings and refugee communities. The Bank is launching the *Health Emergency Preparedness and Response Multi-Donor Fund* to complement WBG support and extend vital aid on health emergency preparedness and response for COVID-19 and future epidemic outbreaks – including to member countries not in good standing with IDA, the West Bank & Gaza, and Jordan and Lebanon for the benefit of Syrian refugees. The HEPRTF, and any future associated trust funds under the umbrella, will provide an initial amount up to US\$500 million to support countries to prevent, respond to and mitigate the impact of COVID-19 and future epidemic outbreaks. Donors' contributions in the form of grants will be pooled.

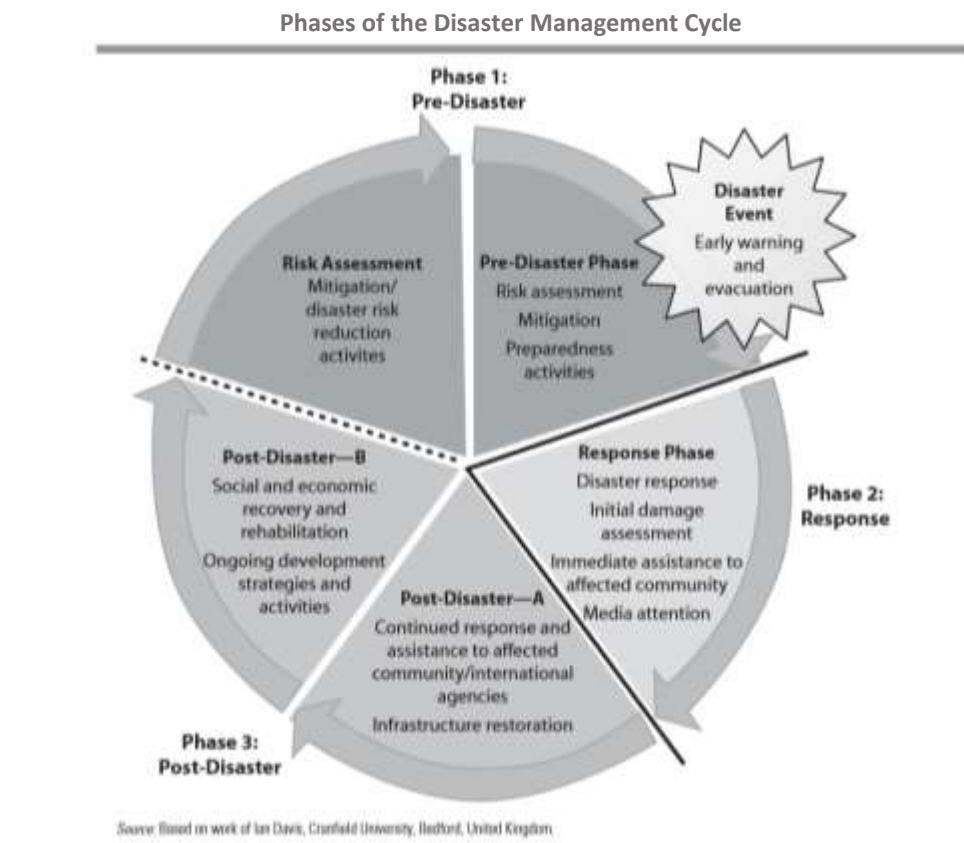
VI. Conclusion and Issues for Discussion

110. As COVID-19 continues to wreak havoc across the world, the World Bank Group is stepping up exceptional and selective support to help client countries in the relief and restructuring stages, and to regain momentum on the longer-term development agenda by **Rebuilding Better**. US\$160 billion in financial support will be delivered over the 15-month period from April 2020 through June 2021. Further exceptional support will be needed beyond FY21. This paper presents the WBG approach to COVID-19 crisis response including thematic areas and policy priorities based on its comparative advantages, as well as the operational and financial frameworks for scaling up impact in a world transformed by the coronavirus. It also summarizes the Bank Group's contribution to building the critical global coalition needed to flatten the curve of the pandemic and steepen the curve of recovery. While operational risks for the WBG are high in an uncertain environment in which the coronavirus continues to spread and cures remain elusive, the risks of inaction are immeasurably higher. Speed, agility, adaptive learning, flexibility and mid-course adjustments will be critical.

Annex 1. Maintaining a Line of Sight from Relief to Recovery

The WBG COVID-19 Crisis Response Approach incorporates insights from IEG's *Learning Lessons from Natural Disaster Response: Lessons from Evaluations of the World Bank and Others*⁴⁹. Among several important lessons, the COVID-19 response reflects a core emphasis on reinforcing emergency support with medium-term priority actions (including capacity building) and a clear line of sight to long-term sustainable development and poverty reduction. The WBG COVID-19 response reflects and adapts key findings of the study as follows:

- Despite pressures to act quickly after disastrous events, it is vital to incorporate future disaster preparedness into recovery and rehabilitation programs.
- To incorporate future disaster preparedness into recovery and rehabilitation programs, program design should allow for a longer period of implementation, initially focusing on rehabilitation and later on disaster risk mitigation. The later phases should build on institutional and community resources mobilized during recovery and rehabilitation.
- The different phases of disaster management are conceptual and organizing principles, rather than chronological sequences. There are considerable advantages in building on disaster response programs to commence pre-disaster planning for any future event.



⁴⁹ Natural Disaster Response: Lessons from Evaluations of the World Bank and Others. Evaluation Brief 16 (David Todd and Hazel Todd, 2011). The study noted that evaluations of natural disaster response highlighted a three-phase cycle: pre-disaster, disaster response, and post-disaster. Each phase has an appropriate range of activities; rather than having clear boundaries in time, they overlap chronologically and in terms of the ongoing activities.

Annex 2. Selection of WBG COVID-19 Reference Material

Protecting People and Economies (integrated policy response to the pandemic led by the HCP team)

- <https://openknowledge.worldbank.org/handle/10986/33770>

Pillar 1: Saving Lives

COVID-19 Strategic Preparedness and Response Program

- <http://documents.worldbank.org/curated/en/993371585947965984/pdf/World-COVID-19-Strategic-Preparedness-and-Response-Project.pdf>
- <http://documents.worldbank.org/curated/en/804331588657997511/pdf/Health-Services-Trade-and-the-COVID-19-Pandemic.pdf>

Pillar 2: Protecting the Poor and Vulnerable

Protecting the Poor and Vulnerable: Social Response Framework for COVID-19

- <https://worldbankgroup.sharepoint.com/sites/ggs/Documents/Social%20Response%20Framework%20Paper%20Pillar%202%20Board%20Final%20June12.pdf>
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Pillar 3: Ensuring Sustainable Business Growth and Job Creation

Supporting Firm Resilience: WBG COVID-19 Response

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Pillar 4: Strengthening Policies, Institutions and Investments for Rebuilding Better

The Economic Policy Response to COVID-19

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