SAVING LIVES, SCALING-UP IMPACT AND GETTING BACK ON TRACK

World Bank Group COVID-19 Crisis Response Approach Paper

June 2020
Disrupting billions of lives and livelihoods, COVID-19 is massively derailing the 2030 agenda

- Over **150 countries** projected to have negative growth in 2020
- Nearly **80%** of the world’s informal economy workers (1.6 billion people) have faced COVID-19 lockdowns and slowdowns
- **73 million** more people could be living in extreme poverty in 2020, compared to before the crisis.
- **18 million** more people in extreme poverty in FCSs.
- Scale of financing challenge for developing countries is measured in **trillions of US Dollars**, with extremely high uncertainty on crisis’ depth and duration.

The Impact of COVID-19 on Global Poverty ($1.90/day)
WBG response must be exceptional in speed, scale and selectivity

- The WBG will provide up to **US$160 billion over 15 months**, from April 2020 through end-June 2021 (fourth Quarter of FY20 to FY21).

- Objective is to assist countries to face a dual challenge: (i) address health threat, and pandemic’s social and economic impacts and (ii) maintain line of sight to clients’ long-term development vision

- Ambition is to **reach at least one billion people and restore momentum** on the WBG Twin Goals.
WBG Approach supports a long-term perspective that includes three key stages...

**RELIEF**

• The **Relief** stage involves emergency response to the health threat and its immediate social, economic and financial impacts.

**RESTRUCTURING**

• **Restructuring** stage focuses on strengthening health systems for pandemic readiness; restoring human capital; and restructuring, debt resolution and recapitalization of firms and financial institutions.

**RESILIENT RECOVERY**

• **Resilient recovery** stage takes advantage of new opportunities to build a more sustainable and resilient future in a world transformed by the pandemic.
...across four pillars of support aligned with WBG comparative advantages.

- The pillars inform and interact with each other (i.e. do not have absolute boundaries).
- Country programs will remain demand-driven, requiring the WBG to be flexible in adapting to rapidly evolving circumstances.
Together, the stages and pillars provide a high-level framework for customized WBG client support.

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<th>RELIEF</th>
<th>RESTRUCTURING</th>
<th>RESILIENT RECOVERY</th>
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| **Public health emergency**<br>• WBG global emergency health program and new Bank projects<br>• Restructuring existing Bank projects<br>**Social emergency**<br>• Cash and in-kind transfers<br>• Community-driven development<br>• Restructuring existing Bank projects<br>• Guarantees to MFIs<br>**Economic emergency**<br>• New Bank projects and programs<br>• Support for trade and working capital from IFC<br>• MIGA instruments<br>• Financing from PPPs<br>**Maintaining focus on long-term goals**<br>• New Bank projects on fiscal strengthening and service delivery<br>• ASAs on debt sustainability and transparency<br>• Guarantees for SMEs and MFIs<br>**Restructuring health systems**<br>• WBG global emergency health program and new Bank projects<br>• Mobilizing private investment to close health supply gaps<br>**Restoring human capital**<br>• Cash and in-kind transfers<br>• Community-driven development<br>• New Bank projects<br>• Recapitalization of strategic MFIs through IFC support<br>**Firm restructuring & debt resolution**<br>• New Bank projects<br>• IFC support to recapitalize firms<br>• Long-term financing from IFC<br>• MIGA instruments<br>• PPPs<br>**Policy and institutional reforms**<br>• New Bank projects<br>• ASAs on restructuring and to track progress toward shared development goals<br>**Investments to rebuild better**<br>• Full range of Bank Group instruments, with focus on PPPs and private sector solutions<br>• ASAs to track progress toward shared development goals<br>**Pandemic-ready health systems**<br>• WBG global emergency health program and new Bank projects<br>• Long-term IFC financing for private firms<br>**Building equity and inclusion**<br>• Cash and in-kind transfers<br>• Community-driven development<br>• ASAs on labor market policies<br>• IFC lending to MFIs<br>**Green business growth & job creation**<br>• New Bank projects<br>• IFC and MIGA instruments<br>• PPPs

FOUR PILLARS

- SAVE LIVES
- PROTECT THE POOR & MOST VULNERABLE
- ENSURE SUSTAINABLE BUSINESS GROWTH AND JOB CREATION
- STRENGTHEN POLICIES, INSTITUTIONS, AND INVESTMENTS FOR REBUILDING BETTER
Focus on *Rebuilding Better* is critical for achieving resilient, inclusive and sustainable recovery.

- Pillar 4 interventions on strengthening policies and institutions for Rebuilding Better play a core role in helping countries maintain a focus on their long-term development goals across all four pillars.

- The WBG approach also emphasizes public-private joint interventions to scale up private sector solutions, focusing on results.

- Crisis response focuses on the WBG Goals, operates within the Forward Look, and takes account of the IBRD/IFC capital package and the IDA19 commitments.
WBG delivered unprecedented FY20 support for clients, including record 4th Quarter (April to June 2020)*

- Bank deployed **US$28.5 billion** for IBRD countries and **US$30.4 billion** (including project restructurings) for IDA countries in FY20.

- Rapid COVID-19 support to **108 countries by the end of June**, with US$6.3 billion for emergency health.

- IFC committed US$3.5 billion to be deployed in **over 35 countries**. IFC phase 1 under implementation (US$8 billion IFC Fast Track COVID-19 Facility approved on March 2020) and preparation of IFC phase 2 is well advanced.

- MIGA has **redirected its program** to launch a US$6.5 billion Fast-track Facility.

*Reflects preliminary and unaudited numbers as of July 10, 2020*
For IBRD borrowers, the equivalent range is US$150-$600 billion annually.

Pandemic-related external financing gaps for active IDA countries could be in the range of US$25-$100 billion per year.

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.
For More Information, Please See Full Report:


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