

Update on the progress of the World Bank's COVID-19 response efforts

BY AIDAN LAWSON

Original post [here](#).

Access our live “financial-intervention” tracker, to keep up with the latest financial-crisis fighting interventions by central banks, fiscal authorities, and international organizations [here](#).

In March the World Bank Group (WBG) [announced](#) \$14 billion in fast-track financing to help countries respond to the COVID-19 pandemic. Since then, the WBG has provided approximately \$8.3 billion in both fast-track and other financing for 339 projects across 117 countries (see [here](#)). The following lists the elements comprising the package.

\$8 billion from the [International Finance Corporation](#) (IFC)

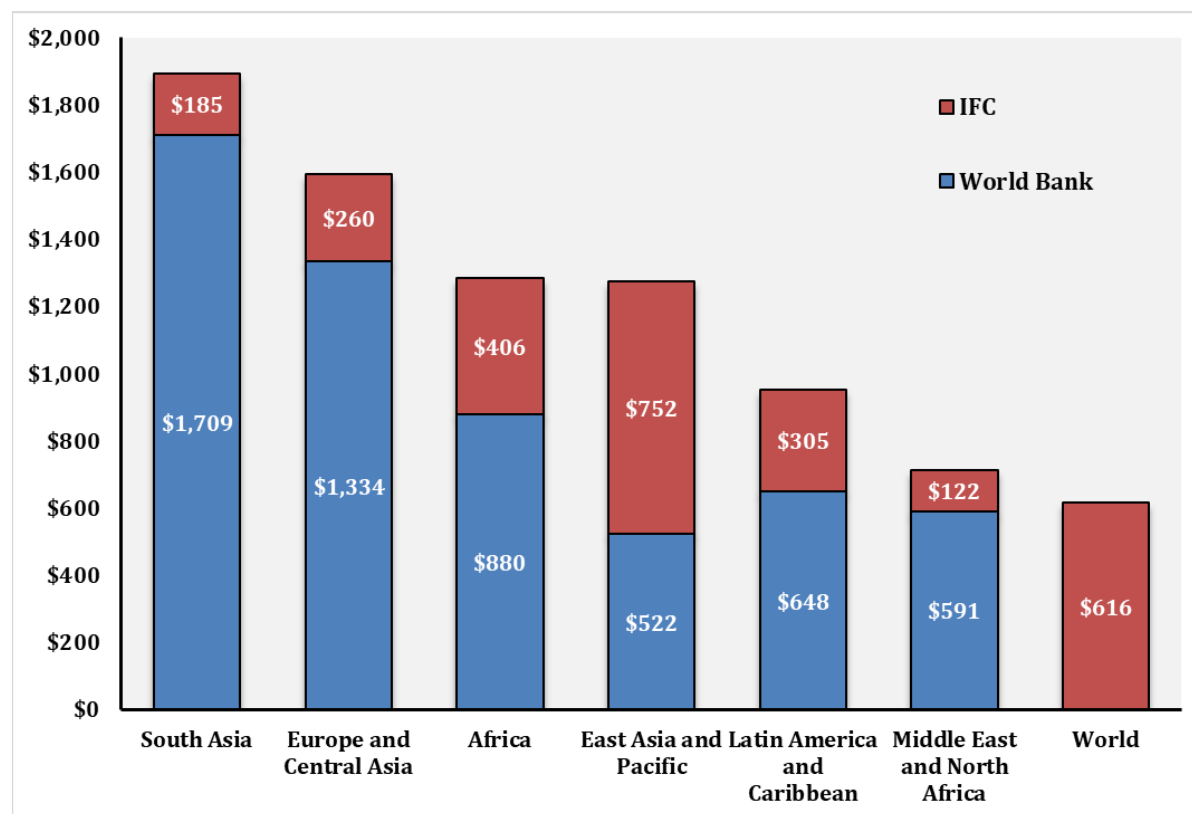
\$2.7 billion from the [International Bank for Reconstruction and Development](#) (IBRD)

\$1.3 billion from the [International Development Association](#) (IDA)

\$2 billion reprioritized from existing World Bank projects towards COVID-19 relief

This package is specifically designed to rapidly strengthen national health systems to facilitate “disease containment, diagnosis, and treatment, and support the private sector.” The WBG also has stated its intention to make some [\\$160 billion](#) available over the next 15 months. This blog post summarizes the WBG's current and proposed efforts.

Figure 1: Total New World Bank Group Commitments, by region (As of 2020/07/21, \$millions)



Source: [World Bank Projects List](#), [IFC investment program disclosures](#)

The WBG has concentrated its aid in regions that are less developed. Nearly half of its current assistance has gone to countries in Latin America and Africa. A majority of the 86 countries that have been approved for new WBG programs are located either in Africa or Asia. Most new programs thus far have come through the IBRD, which provides loans, guarantees, and other financial assistance to middle and lower-income countries, and the IDA, which provides concessional financing to some of the poorest.

Table 1: Summary of World Bank Group COVID-19 Programs (as of 2020/07/21, \$millions)

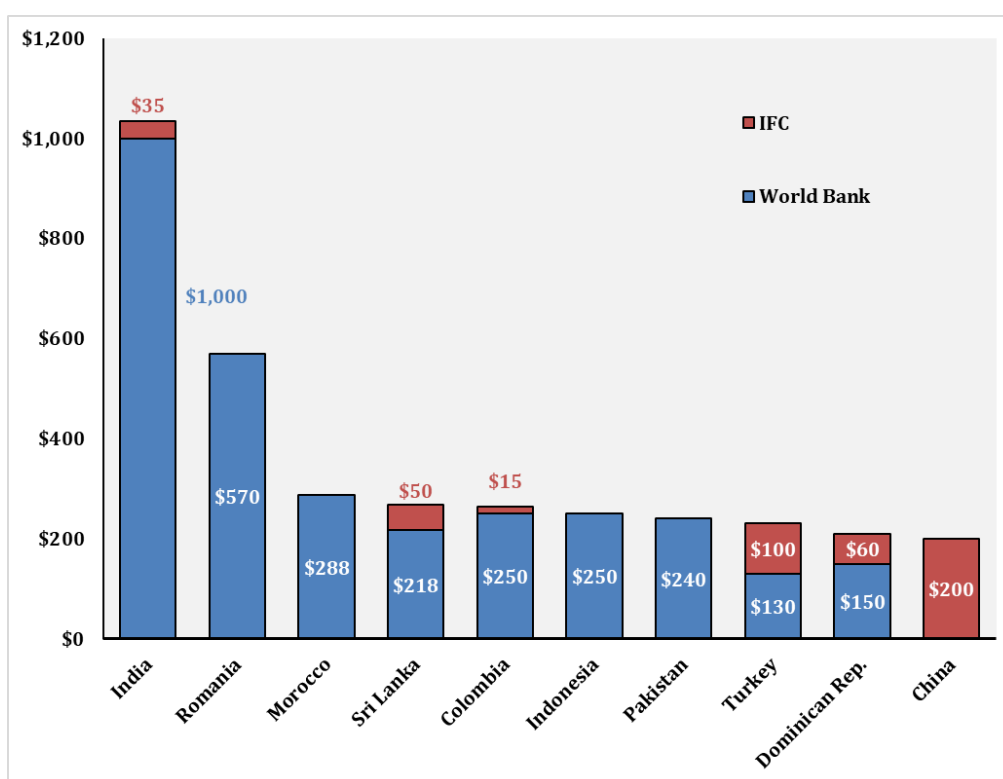
Region	Countries Assisted	Number of Programs	Average Program Size	Largest Commitment
Africa	42	107	\$12.1	Nigeria - \$180.4
East Asia and Pacific	17	50	\$25.5	Indonesia - \$250
Europe and Central Asia	17	42	\$37.9	Romania - \$570.1

Latin America and Caribbean	23	54	\$17.7	Colombia - \$265
Middle East and North Africa	10	31	\$23	Morocco - \$288
South Asia	8	52	\$36.4	India - \$1,035

Source: [World Bank Projects List](#), [IFC investment program disclosures](#)

As seen in Table 1, average program size varies dramatically, likely due in part to the level of development in each country. Some South American and East Asian economies that received assistance, such as Colombia and Indonesia, are much larger than those in Africa, which necessitates larger packages of assistance. The single largest disbursement thus far has been for \$1 billion for a program in [India](#). See Figure 2 for more information.

Figure 2: Countries with the largest World Bank Group commitments (As of 2020/07/21, \$millions)



Source: [World Bank Projects List](#), [IFC investment program disclosures](#)

In addition to its new funding, the World Bank has also relied on existing public health programs and [Catastrophe Deferred Drawdown Options \(CAT DDOs\)](#) for COVID-19 relief. CAT DDOs provide immediate access to pre-approved funds after a trigger event - normally the declaration of a state of emergency. To receive pre-approval, nations must

have an “adequate macroeconomic policy framework” and either be preparing or have a sufficient disaster risk management program (see [here](#)). Currently, 13 countries have triggered about \$1.3 billion in CAT DDO assistance. Romania has drawn about €493 million from its CAT DDO, the largest of any nation. The World Bank has also repurposed a number of existing programs for COVID-19 response. These repurposed programs are included in the data shown above.

In the WBG’s \$14 billion fast-track financing program the IFC has the largest commitment. The Corporation serves as the private-sector arm of the WBG and focuses on economic development and poverty reduction by investing in developing markets. Its initial [\\$8 billion investment](#) has been broken up as follows:

- \$2 billion via the Real Sector Crisis Response Facility to provide loans and equity investments in companies affected by COVID-19.
- \$2 billion via the Global Trade Finance Program to support import-export financing to Small and Medium-sized enterprises.
- \$2 billion via the Working Capital Solutions Program to encourage financial institutions in emerging markets to provide credit to businesses.
- \$2 billion via the Global Trade Liquidity Program and the Critical Commodities Finance Program to provide investment and risk-sharing support to financial institutions in emerging markets.

Thus far, the Corporation has initiated 39 investment programs worth approximately \$2.6 billion. Its two largest programs, however, are not targeted investments towards individual countries and instead are focused globally. The [first](#), under the Working Capital Solutions Program, is a first-loss guarantee of up to \$216.1 million for the IDA’s Private Sector Window (IDA PSW) program. The guarantee will be used to help support working capital loans to companies in some of the poorest countries in the world. The [second](#), under the Global Trade Finance Program, is a two-tiered, \$400 million guarantee for the IDA PSW for trade finance in countries that are “fragile and conflict-affected” and would be acutely vulnerable to COVID-19-related disruptions. The first tier of the guarantee is a pooled first loss of up to \$150 million, and the second is a revolving guarantee limit enhancement of up to \$250 million to ensure that trade finance can be facilitated even in periods of exceptional stress. It is unknown how the IFC plans to operationalize the remainder of the \$8 billion that it pledged in March.

As the WBG continues to unveil new programs to support developing nations, YPFS will provide additional updates. For more information on the mechanics of World Bank lending, see this YPFS [blog post](#). For more information on what international institutions generally have been doing to combat COVID-19, see our [survey](#) and accompanying [resource guide](#).