

# World Bank Support to Developing Countries

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Original post [here](#).

The World Bank (“The Bank”) has deployed a number of programs to support developing countries during the ongoing COVID-19 crisis. Since March, over [65 countries](#) have received financial support in amounts ranging from USD 2 million to USD 1 billion. The programs aim to assist governments experiencing severe fiscal constraints and support healthcare infrastructure during the pandemic. Overall, the Bank committed to provide [up to USD 160 billion](#) in long term loans and grants to be deployed globally over the next 15 months. This post describes the channels, size of support, lending conditions and the way governments use funds for different World Bank programs.

## Channel

There are two channels through which the Bank has provided support: through preexisting programs and through newly established programs. Preexisting programs include the [Catastrophe Deferred Drawdown Option](#) (“Cat DDO”). Cat DDO is a contingent financing line that allows approved countries to access liquidity “to address shocks related to natural disasters and/or health-related events.” The program has been used as a channel for immediate support in [Romania](#), [Morocco](#), [Colombia](#), the [Dominican Republic](#) and [Samoa](#). Other programs were used in countries where public health projects had been previously established. Examples include the [Disease Prevention and Control Project](#) in Armenia, [Health Resilience Project](#) in Lebanon and the [Health System Resiliency Strengthening Project](#) in the West Bank and Gaza. By April 2, the Bank had provided USD 1.7 billion in additional funds to preexisting projects. The use of established programs as funding channels allowed for immediate support to participating countries.

To guarantee rapid support to countries with which the Bank had no established funding line, the Bank rolled out the dedicated [Covid-19 Fast-Track Facility](#) (“FTF”) that is expected to deploy USD 14 billion. The program allows a rapid allocation of funds to countries affected by the pandemic. The first round of projects, announced on April 2, provided support to 25 countries for a total of USD 1.9 billion.

## Conditions

Countries have received support on different terms through the Bank’s two lending arms: the International Bank for Reconstruction and Development (“IBRD”) and the International Development Association (“IDA”). The IBRD provides loans to middle-income or creditworthy low-income countries based on market rates under its programs, including the Cat DDO implemented in the current crisis. IDA programs focus on concessional, low to zero interest loans and direct grants to low-income governments. IDA extends [long-term credit](#) with maturities between 30 and 40 years and additional grace periods ranging between 5 and 10 years. Both the IDA and IBRD have used the newly established FTF to guarantee rapid support to the governments that need it.

## Size

The total amount of funds allocated to a specific country largely depends on the size of its economy. The programs implemented at the time of writing provide loans and grants for up to 0.5 percent of GDP. Some programs impose an upper bound on the funds that can be allocated to a specific country. For instance, funding provided through the Cat DDO is limited to the lower of USD 500 million or 0.25 percent of GDP.

The Bank's largest program at the time of writing is the IBRD's USD 1bn loan to the government of India through the country's [Emergency Response and Health Systems Preparedness Project](#), the largest health sector support to India in the Bank's history. The largest grant has been provided to the government of [Afghanistan](#) with a USD 100.4 million commitment from the IDA, USD 19.4 million were provided immediately through the FTF.

#### Use

The Bank emphasizes that under current conditions the support programs are focused on one objective – [saving lives](#). Many of the recipient countries are in the early stages of the pandemic; funds are to be used to strengthen healthcare infrastructure and provide emergency equipment. Funding will cover such measures as: provision of laboratory equipment, personal protective equipment and portable ventilators, expanding intensive care units, and building systems to prevent and limit local transmission.

In response to the COVID-19 pandemic, other international institutions are implementing and extending policies to provide support to member countries. For an overview of different types of programs, see "[International Support for Governments in Response to COVID-19](#)."