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**From COVID-19 Crisis Response to Resilient Recovery - Saving Lives and Livelihoods
while Supporting Green, Resilient and Inclusive Development (GRID)**

Attached is the document titled “From COVID-19 Crisis Response to Resilient Recovery - Saving Lives and Livelihoods while Supporting Green, Resilient and Inclusive Development (GRID)” prepared by the World Bank Group for the virtual April 9, 2021 Development Committee Meeting.



From COVID-19 Crisis Response to Resilient Recovery

*Saving Lives and Livelihoods while Supporting Green, Resilient and
Inclusive Development (GRID)*

Development Committee

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List of Acronyms

ADB	Asian Development Bank	MICs	Middle-Income Countries
AfDB	African Development Bank	MIGA	Multilateral Investment Guarantee Agency
AIIB	Asian Infrastructure Investment Bank	MPA	Multiphase Programmatic Approach
ASA	Advisory Services and Analytics	NDB	New Development Bank
CAT-DDO	Catastrophe Deferred Draw-Down Option	NPLs	Non-Performing Loans
CCAP	Climate Change Action Plan	OPCS	Operations Policy and Country Services
CEB	Council of Europe Development Bank	PPP	Public-Private Partnership
COVID-19	Coronavirus Disease 2019	Q2	Second Quarter (January-March)
CSO	Civil Society Organization	Q4	Fourth Quarter (April-June)
DFI	Development Finance	SDGs	Sustainable Development Goals
DPF	Development Policy Financing	SMEs	Small and Medium Enterprises
DSSI	Debt Service Suspension Initiative	SPRP	Strategic Preparedness and Response Program
EBRD	European Bank for Reconstruction and Development	UN	United Nations
EIB	European Investment Bank	USD	United States Dollars
EMDEs	Emerging Market and Developing Economies	WBG	World Bank Group
EU	European Union	WHO	World Health Organization
FCS	Fragile and Conflict-affected Situations		
FCV	Fragility, Conflict and Violence		
FDI	Foreign Direct Investment		
FY	Fiscal Year		
G20	Group of Twenty		
GDI	Graduation Discussion Income		
GDP	Gross Domestic Product		
GEP	Global Economic Prospects		
GHP	Global Health Value Chain Platform		
GRID	Green, Resilient, Inclusive Development		
IaDB	Inter-American Development Bank		
IBRD	International Bank for Reconstruction and Development		
IDA	International Development Association		
IDA19	IDA19 Replenishment		
IFC	International Finance Corporation		
IMF	International Monetary Fund		
IsDB	Islamic Development Bank		
JET	Jobs and Economic Transformation		
LAC	Latin America and the Caribbean		
LICs	Low-Income Countries		
M&E	Monitoring and Evaluation		
MDB	Multilateral Development Bank		

Executive Summary

The international community stands at a critical juncture, facing dual global crises of immense proportions: COVID-19 and Climate Change. In less than a year, the COVID-19 pandemic has disrupted billions of lives and livelihoods with unprecedented speed and ferocity. The pandemic's economic and social effects have compounded Climate Change impacts, which have been intensifying over time, especially in the last two decades. The poor and vulnerable have been hit especially hard, even as they have also borne the brunt of regional crises such as natural disasters and violent conflict; poverty reduction and shared prosperity have suffered their worst setback in decades. Exceptional and urgent global action must tackle the combined impact of cascading crises while adapting to post-pandemic realities. Crisis response provides an opportunity to support green, resilient and inclusive recovery that tackles rising poverty and deepening inequality while addressing both the immediate devastation wrought by COVID-19 and the longer-term challenge of Climate Change.

i. The World Bank Group's crisis response has helped countries save lives and livelihoods threatened by COVID-19 while starting to build the foundation for a strong and durable recovery in a world transformed by the pandemic. In line with the WBG Approach Paper and the IDA Building Back Better paper, this paper summarizes progress implementing the WBG's Crisis Response and lays out a broad framework for supporting green, resilient, and inclusive development (GRID) in IDA and IBRD countries. While crisis response continues, there is also a need to continue looking to the future. Decisions taken now will determine to what extent the world experiences renewed development progress fueled by sustainable job creation and economic transformation led by the private sector. Integrated, longer-horizon GRID strategies are needed to repair the structural damage caused by COVID-19 and accelerate climate change mitigation and adaption efforts while restoring momentum on poverty reduction and shared prosperity.

ii. For rich and poor countries alike, the transition from crisis to recovery remains very challenging. The devastating impacts of the pandemic stretch deep and wide – with over 110 million people infected worldwide, the equivalent of 255 million jobs lost, and surging food insecurity among others. The advent of safe and reliable vaccines can be a gamechanger, but fast and fair vaccine rollout is critical as developing countries and vulnerable populations risk being left behind; this is a race against time given the growing prevalence of new virus strains. While the global economy is projected to rebound from deep recession in 2021, uncertainty about the path of recovery remains exceptionally high. The pandemic is exacerbating trends over the past decade that threaten to erode the already diminished growth prospects in developing economies – including slowing investment, productivity, employment and poverty reduction; rising debt; and accelerating destruction of natural capital. The pandemic has reversed the fall in global poverty for the first time in a generation and is currently estimated to have pushed over 100 million people into extreme poverty in 2020; this number is projected to increase further in 2021. The COVID-19 crisis is compounding existing fragilities and could further fracture the social contract in fragile and conflict-affected situations. In many fragile settings, the pandemic's impacts are exacerbating the effects of regional crises such as locust invasions, drought and other natural disasters. Worsening social tensions and unrest could generate new waves of displacement and migration.

iii. This paper proposes an integrated approach to promoting a strong and durable recovery and growth through green, resilient, and inclusive development. Building on the progress towards Resilient Recovery under Pillar 4 of the WBG Crisis Response, GRID provides a longer-term framework for enabling the needed economic and social transformations. The scale and

complexity of the challenges are such that an integrated framework that emphasizes interlinkages among the immediate and longer-term challenges is needed to deliver a growth path that will deliver broad-based development and restore momentum on the twin goals and SDGs. Investment in all forms of capital must be increased in a manner that addresses core sustainability challenges. Critical transitions are necessary in energy, food and land-use, and transport and urban systems – as well as in other dimensions of economic activity – with the full engagement of the private sector. GRID entails building resilience and inclusion across all facets of the economy and society, in a context of growing fragility and a dramatic increase in inequality of outcome and opportunities – strengthening human capital through improved access and service delivery, while bolstering mechanisms to ensure equal opportunities, equitable access and voice.

iv. Despite the damage wrought by the pandemic, the exceptional crisis response offers a unique opportunity to rebuild stronger, greener and more equitable economies and institutions while leveraging the private sector. GRID approaches will depend on country circumstances, and policymakers will need to manage policy trade-offs. Countries can seize new opportunities, including to accelerate digital development, improve and expand local/regional supply chains, strengthen biodiversity and ecosystems services, and adapt to pandemic-induced changes in consumer demand, while creating jobs. Private sector solutions and innovative financing will need to power the recovery through investment, economic growth and employment. Governments can implement joint public-private interventions and key upstream policy reforms to spur private investment, including FDI, support viable firms through restructuring and enable the financial system to support a robust recovery through the resolutions of non-performing loans.

v. The WBG is on track to meet its commitment to deliver exceptional support of up to \$160 billion by June 2021, working in partnership with global, regional and local actors. Backed by robust analytical and advisory services, the WBG committed a record \$82.9 billion in new financing over April to December 2020. This includes IBRD/IDA commitments of \$56.3 billion, of which \$32.5 billion was directly for COVID-19 crisis response; IBRD/IDA disbursements reached \$40.6 billion of which \$13.6 billion from crisis response operations. IFC delivered \$21.8 billion financing. This includes \$4.5 billion from the IFC Fast-track COVID-19 Facility as well as \$4.6 billion in other COVID-19 response projects. MIGA, over the same period, has provided \$4.8 billion of guarantees, including \$3.7 billion for projects to mitigate the impact of the crisis in client countries under its COVID-19 Response Fast-track Facility. For the World Bank, of the total IDA commitments, \$8.4 billion was in grants to poor countries at moderate or high risk of debt distress, \$11.4 billion went to FCS and \$786 million to Small States between April and December 2020. Seventy percent of IBRD commitments went to below-GDI countries. For IFC, over 49 percent of the COVID-19 interventions were deployed to support existing clients in IDA/FCS.

vi. Further exceptional support from the international community, including from the WBG, will be required beyond June 2021 to enable sustainable recovery, tackle growing poverty and rising inequality, and support attainment of climate goals. Stepped-up international cooperation is essential, especially for poor countries and vulnerable populations, and for supporting implementation of the GRID agenda. The WBG intends to continue providing large positive net flows of public and private finance for interventions that are consistent with the Cascade and that deliver good outcomes for the poor and vulnerable – consistent with the respective financial sustainability frameworks of IBRD, IDA, IFC and MIGA; in close consultation with shareholders and IDA Deputies; and within the context of equitable burden sharing and international support. In recognition of the need for additional finance in IDA countries in FY22 and FY23, IDA Participants are looking to bring forward IDA20 by one year.

Introduction – From Crisis Response to Green, Resilient and Inclusive Recovery

1. **The World Bank Group’s historic COVID-19 crisis response has helped countries save lives and livelihoods while starting to build the foundation for recovery in a world transformed.** The international community stands at a critical juncture, facing dual global crises of immense proportions with devastating impacts on poverty and shared prosperity: (i) the COVID-19 pandemic which dominates the short-term agenda, and (ii) Climate Change will impact our collective long-term future. These crises require urgent, exceptional and simultaneous global and country-level responses to safeguard a sustainable, inclusive future. In line with the WBG Approach Paper and the IDA Building Back Better paper,¹ this paper summarizes progress implementing the WBG’s Crisis Response and lays out a broad longer-term framework for supporting green, resilient, and inclusive development in IDA and IBRD countries. Decisions taken now will determine to what extent the world experiences renewed development progress fueled by sustainable job creation and economic transformation led by the private sector.

2. **Integrated longer-horizon GRID strategies are needed to repair the structural damage caused by COVID-19, accelerate climate change mitigation and adaption and underpin a strong and durable recovery.** Crisis response offers multiple opportunities to rebuild stronger, greener and more equitable systems and institutions. Countries can seize new opportunities to build pandemic readiness and improve early warning systems, accelerate digital development, improve and expand local/regional supply chains, strengthen biodiversity and ecosystems services, and adapt to pandemic-induced changes in consumer demand. Private sector solutions and innovative financing will need to drive the recovery. Governments can implement joint public-private interventions and key upstream policy reforms to spur private investment, including FDI, to restructure viable firms, and to enable the financial system to support a robust recovery through resolution of NPLs. A renewed emphasis on inclusion can address the structural inequalities exacerbated by COVID-19, while helping rebuild and deepen social capital damaged by the pandemic. The WBG is actively supporting GRID interventions through ASA, policy advice, advisory services and blended finance.

3. **Responding to overwhelming country demands, the WBG is on track to meet its commitment to deliver exceptional support of up to \$160 billion by June 2021.** Backed by robust analytical and advisory services, the WBG delivered a record \$82.9 billion in new financing over April to December 2020 (FY20 Q4 through FY21 Q2),¹ towards up to \$160 billion in financing over the 15 months through June 2021. Further exceptional support from the international community, including from the WBG, will be required beyond June 2021 to overcome the devastation caused by COVID-19 and restore progress on the 2030 Sustainable Development Agenda. The WBG intends to continue providing large positive net flows for interventions deliver good outcomes for the poor and vulnerable.

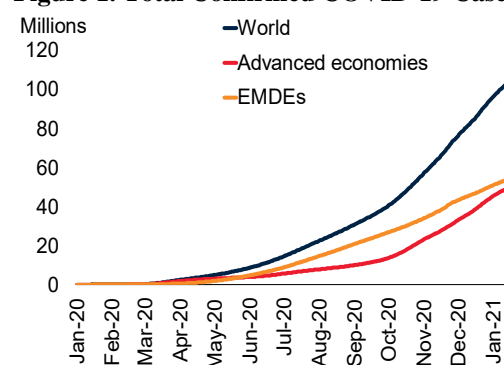
4. **This Paper comprises five sections.** Section I provides a brief update on the COVID-19 pandemic while Section II summarizes progress in the implementation of the unprecedented WBG crisis response to date. Section III provides a broad outline of GRID; further information on its operationalization will be reflected in country-specific documents as well as in the Climate Change Action Plan (CCAP). Section IV calls for sustained exceptional support from the international community, including from the WBG. Section V closes with brief conclusions and questions for WBG Governors.

¹ WBG: *Saving Lives, Scaling-up Impact and Getting Back on Track*, WBG COVID-19 Crisis Response Approach Paper, June 2020; IDA: *Building Back Better: Pursuing a Greener, More Inclusive, and Resilient Recovery*, DFCII, November 2020.

I. The Pandemic's Devastating Impact

5. Since the Crisis Response Update to the Development Committee in October,² the total number of confirmed cases worldwide has multiplied from 25 million to over 110 million (Figure 1). Confirmed deaths are approaching 2.5 million. The number of daily new cases has fallen to about 400,000 per day as of mid-February, down by about half from its peak in January 2021 but still above the rate reported last September.³ Emerging market and developing countries (EMDEs) account for over half of all confirmed cases. New, more contagious viral strains have emerged in developing countries such as Brazil and South Africa. COVID-19 incidence and mortality continue to vary widely.

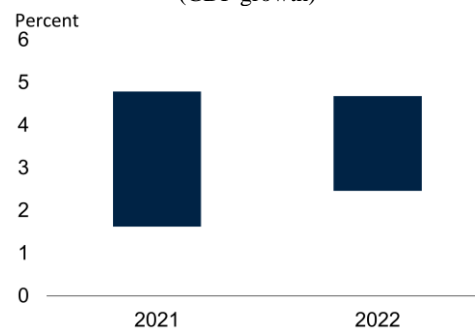
Figure 1. Total Confirmed COVID-19 Cases



Sources: Johns Hopkins University; Our World in Data; World Bank.

6. The global economy is embarking on a recovery, although of highly uncertain strength, and long-term damage from the pandemic may inhibit growth. Growth prospects for 2021 and 2022 hinge critically on the path of the pandemic and the magnitude and effectiveness of policy stimulus. In its January *Global Economic Prospects* report, the WBG examined several scenarios, which could result in global growth outcomes ranging from less than 2 percent to 5 percent in 2021 with a somewhat narrower range for 2022 (Figure 2). COVID-19 presents an unprecedented source of investor risk as evidenced by the sharp fall in global FDI. Downside risks include a continued mutation of the virus, delays in vaccine rollout, more severe effects on potential output, and financial stress triggered by high public and private debt. Global growth is expected to suffer lasting damage from the pandemic. Impacts are becoming increasingly diverse, between and within countries. Commodity-exporters are particularly vulnerable as are countries dependent on trade, tourism, remittances and FDI.

Figure 2. Global Growth Forecasts (GDP growth)



Note: Upper bound of bar is upside scenario published in the January 2021 Global Economic Prospects report and lower bound is downside scenario.

Source: World Bank.

7. The growing toll of COVID-19 is a huge setback to hard-earned progress in global well-being. The pandemic has caused per capita incomes to fall in more than 90 percent of developing countries, tipping millions back into poverty. For more than a quarter of developing countries, the pandemic is expected to erase at least 10 years of per capita income gains – and, in about two-thirds, per capita incomes are projected to be lower in 2022 than in 2019. Across a sample of developing countries, an average of a third of respondents to the Bank's rapid phone surveys reported stopping work between April and July 2020 and nearly two-thirds reported that their household lost income.⁴ The short-term impacts of the pandemic on employment appear to far exceed the impacts of the 2008 financial crisis.⁵ School closures have also compounded the

² WBG: *Leaning Forward to Save Lives, Scale-up Impact and Get Bank on Track: WBG COVID-19 Crisis Response Update* (Washington, DC, October 2020)

³ Johns Hopkins COVID-19 Dashboard, February 18, 2021.

⁴ Source: Analysis based on World Bank, "[COVID-19 High-Frequency Monitoring Dashboard](#)"

⁵ Banerji, A., D. Newhouse, P. Paci, and D. Robalino, eds. 2014, *Working through the Crisis: Jobs and Policies in Developing Countries during the Great Recession*, Washington, DC, World Bank.

pre-existing learning crisis and are worsening learning poverty and inequality, especially for the poor and people with disabilities.

8. Poverty reduction appears to have suffered its worst setback in decades, after nearly a quarter century of progress. The pandemic has reversed the downward trend in global poverty for the first time in a generation and is currently estimated to have pushed over 100 million people into extreme poverty in 2020 relative to the pre-crisis trendline (Figure 3); this number is projected to increase further in 2021. This implies millions more extreme poor in FCSs where the pandemic is deepening existing sources of fragility and instability. The number of acutely food insecure people is estimated to have nearly doubled to a quarter of a billion.⁶

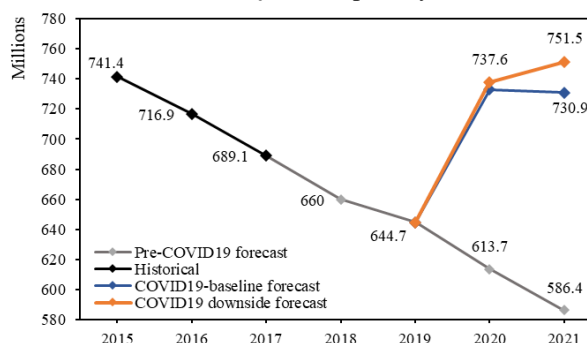
For millions around the globe, the descent into deprivation will not be short-lived, particularly in FCSs and Sub-Saharan Africa where the impoverishing impacts of COVID-19, conflict, and climate change are accumulating. The pandemic has dampened future prospects for poverty reduction by adversely affecting longer-term productivity growth through lower human capital investment, loss in learning-adjusted school years and prolonged spells of unemployment.

9. Inequality is increasing across multiple channels. The Bank's phone surveys suggest that short-term economic impacts of the pandemic are highly uneven, depending on which types of jobs can be done from home and are more likely to survive the economic disruptions. Job losses are generally much higher among workers without college education, women and those working in the informal sector in urban areas. Women have lost their jobs at a faster rate than men based on rapid household surveys, and gender-based violence is reported to have increased. Women are also more likely to be employed informally in low and lower middle-income countries, often lacking access to social protection and other safety nets. Evidence is mounting that earning losses are much larger among the poor, even in richer countries. Micro and small firms are more likely to fall into arrears and go out of business, which disproportionately affects workers and entrepreneurs who are young, low-skilled or without access to capital.

II. WBG Crisis Response – Implementation Progress to Date

10. Bringing together three stages – Relief, Restructuring and Resilient Recovery – and four pillars, the WBG's crisis response framework has supported selective, customized client engagement across the diverse WBG client base (Figure 4). The WBG crisis response has complemented and facilitated a broad-based coalition, including UNHCR, WHO, WFP, UNICEF as well as other multilateral organizations, CSOs and the private sector. The approach has facilitated maintaining a clear line of sight to the WBG twin goals of reducing poverty and boosting shared prosperity. The path to recovery has been uneven and non-linear, often punctuated by stop/go episodes that demand flexible and innovative responses. Given the wide diversity of

Figure 3. The Impact of COVID-19 on Global Extreme Poverty (\$1.90 per day)



Based on the WBG's January GEP forecast, between 119 and 124 million more people are now estimated to be living in extreme poverty in 2020 than was forecast before the crisis (higher than the range of 88-114 million people estimated in October 2020). In 2021, these numbers are projected to increase to between 143 and 163 million people. 2017 is the last year with official global poverty estimates. *Source:* Lakner et al (Jan 11, 2021), World Bank

⁶ World Food Program, November 2020.

country situations and rapid changes on the ground, the WBG crisis response is informed by regularly updated guidance notes reflecting high frequency monitoring and emerging experiences across countries – translating into tailored policy advice and innovative operations.

Figure 4. WBG COVID-19 Crisis Response operates within the Forward Look corporate strategy



Pillar 1 - Saving Lives

11. The WBG emergency health response continues to make progress while strengthening health systems. The MPA Program is on track to achieve its objective to contribute to prevent, detect and respond to the threat posed by COVID-19 and strengthen national systems for public health preparedness. Further, the World Bank is supporting the vaccination of up to a billion people (Box 1).⁷ Under the COVID-19 Strategic Preparedness and Response Program (SPRP), total commitments for the 85 projects funded by the Multi-Phase Approach (MPA) reached \$4.2 billion by February 2021 and covered a total population of 3.7 billion people (50 percent of the global population). Disbursements were strong across some 85 percent of projects financed by the MPA (with 37 percent of projects disbursed 70-100 percent).

12. IFC's Global Health Value Chain Platform (GHP) is mobilizing private investment to close the massive healthcare supply gaps faced by developing countries. The \$4 billion Platform will provide financing solutions to manufacturers, suppliers, and service providers for capacity expansion and working capital to increase the supply of healthcare products and services including testing kits, treatment medicines and vaccines in developing countries. As of February 2021, GHP had an identified pipeline of US\$845 million from 13 projects across five regions.

Pillar 2 - Protecting Poor and Vulnerable People

13. The WBG social response has focused heavily on safety nets and community driven development. The scale-up of World Bank social protection has been unprecedented, supporting 215 countries to plan and implement urgent social protection measures. Since April 2020, the Bank

⁷ See accompanying paper, "Update on COVID-19: World Bank Group Response to Vaccine Access."

Box 1. Promoting Equitable Access: World Bank Support for Vaccine Purchase and Deployment

Safe and effective COVID-19 vaccines are a breakthrough in the global fight to beat the virus – but deploying them is a race against time, and no country can be left behind. The World Bank is supporting the purchase and deployment of COVID-19 vaccines for developing countries at scale through a \$12 billion supplement to the SPRP MPA. Approved in October 2020, this supplement aims to facilitate access to additional IDA and IBRD resources in response to urgent client demand for vaccine-related support. The *Lebanon Health Resilience Project*, approved by the Board on January 21, 2021 and financed through a reallocation of \$34 million was the first Bank project supporting access to a COVID-19 vaccine. The Board also approved additional financing for affordable and equitable access to COVID-19 vaccines in Cabo Verde (\$5 million), Mongolia (\$50.7 million), and Tajikistan (\$8.63 million). Overall, 39 projects totaling \$3.2 billion were under preparation as of February 1, 2021. In addition, the Bank has rolled out *Joint Readiness Assessments* in 123 countries using the consolidated Vaccine Readiness Assessment Framework designed by the Bank and WHO.

has approved or restructured 57 projects in 44 countries totaling \$8.8 billion in support of government cash transfers to reach a projected 977 million beneficiaries.⁸ The social response also encompasses Bank support for education, service delivery strengthening and gender. Social Development operations have reached an estimated 640 million persons, including refugees, host communities and women. Country diagnostics on vulnerable groups, citizen engagement, and high frequency monitoring are informing the Bank's interventions, enhancing impact.

14. **COVID-19 has triggered a surge in the number of people threatened by food insecurity, and protracted impacts will last well beyond 2021.** Acute food insecurity is estimated to have nearly doubled from 149 million in 2019 to 272 million by the end of 2020 according to WFP. The Bank is working with governments to monitor people's ability to buy food and to provide income support, as well as helping governments to maintain sufficient food supplies. Urgent WBG support includes scaling up safety net programs, improving food distribution and access, supporting agribusinesses and small-scale entrepreneurs, and providing agricultural inputs for food production. Rigorous evidence, including from Bolivia, Ethiopia, Colombia and rural Togo, confirms the potential of social protection programs in cushioning households from food insecurity. Concessional funding through the IDA19 Crisis Response Window Early Response Financing (ERF) is a dedicated tool to proactively address food insecurity issues in IDA countries.

Pillar 3 - Ensuring Sustainable Business Growth and Job Creation

15. **The WBG's COVID-19 economic response, centered on Jobs and Economic Transformation, promotes sustainable business growth and job creation.** Working together, the Bank, IFC and MIGA have moved rapidly to provide policy advice and urgent financial support in the *Relief stage* including to help SMEs access liquidity and leverage digital financial services as well as adjust and pivot their business models. IFC and MIGA have supported private sector banks to provide working capital support to SMEs. Supporting the flow of credit helps firms stay in business and maintain jobs thereby preserving private sector activity and facilitating recovery. In those countries with limited fiscal space, joint public-private interventions to pool and leverage resources, and mutualize risks, can play a key role. An important challenge is to ensure that infrastructure service providers (including financial services providers) have adequate liquidity for continued provision of essential services. A new virtual PPP platform allows the Bank to connect and share experiences with PPP units across the world to compare issues at a global scale, identify targeted value, add support and facilitate peer-to-peer exchange of ideas, experiences and lessons.

⁸ Data as of February 22, 2021.

16. **In the Restructuring stage, the WBG is supporting corporate restructuring reforms and financing solutions to allow distressed but viable firms to overcome the downturn.** The crisis has already seen a rise in large-value bankruptcies around the world, with trickling down to medium and small firms widely expected in 2021 and beyond. As forbearance measures are lifted, the share of non-performing loans in commercial banks' portfolios is expected to rise sharply and drag down capital adequacy. The WBG is working with (i) governments on implementing upstream reforms to the insolvency and debt resolution frameworks so NPLs can be resolved quickly allowing a quicker resumption of lending by banks in support of the recovery and with (ii) private sector players to restructure and recapitalize their balance sheets or to create or strengthen domestic distressed assets markets (using IFC's Distressed Assets Recovery Program (DARP)).

17. **Support to accelerate digital transformation by firms and financial institutions is key for Resilient Recovery.** There is early evidence that digital adoption may be helping firms weather the shock: firms that were more likely to adopt digital technology post-COVID experienced an 8 percentage point lower decline in sales than firms of similar size, sector, and the same pre-COVID levels of technology. Many developing countries have moved to digitize financial transactions to facilitate contactless payment and improve access. However, firms in Africa and South Asia have so far been significantly less likely to adopt digital technology than firms in other developing countries, and large businesses have been much more effective than small firms.

18. **The WBG is providing just-in-time advice and support for mitigating negative trade impacts of the pandemic.** WBG support has included global advocacy to avoid destructive trade policies and up-to-date tracking of global trade patterns and policies in trade of medical and food supplies. Trade policy and facilitation reforms have been incorporated into DPFs. IFC, for example, has ramped up its support to trade and supply chain financing through a \$2 billion expansion of the Global Trade Finance Program and was able to deploy the full \$2 billion in FY20 Q4 with over 57 percent delivered in IDA/FCS countries.

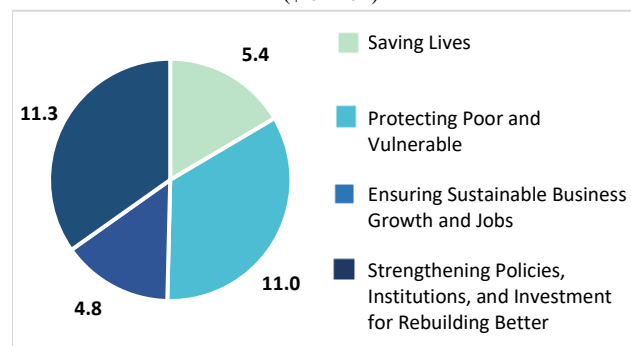
Pillar 4 - Strengthening Policies, Institutions and Investments for Rebuilding Better

19. **While progress towards recovery remains highly uneven across countries, support for rebuilding better is taking root by maintaining a line of sight to long-term development goals.** DPFs have played an important role in shaping effective crisis response and establishing conditions for resilient recovery, including through improving debt and investment transparency and supporting upstream policy and regulatory reforms that are key to opening markets. This entails action to strengthen and deepen capital markets and introduce digital financial services and broader fintech. Governments also need to mitigate risks to private investment from issues such as public debt overhang, falling trade openness, NPLs and a possible resurgence of the pandemic. The WBG is engaging on this critical agenda through the Cascade including upstream work by IFC's advisory units. Climate and environment-informed DPFs have been developed to address issues associated with drought and flooding protection, the shift to cleaner transport, low-carbon energy sources, pollution reduction, and forest and integrated ocean management. Support for modernization and capacity-building of the public sector remains key to design and implementation of policies and programs required to address higher poverty and lower growth prospects in most developing countries. The need to support policy and institutional reforms will remain pressing going forward, as will the need for budget financing for essential services. The WBG will continue to emphasize coordination on policy reforms and institutional strengthening across development partners.

FY20 Q4 through FY21 Q2 Outcomes

20. **The WBG committed a record \$82.9 billion in financial support between FY20 Q4 and FY21 Q2 (April to December 2020) from IBRD, IDA, IFC and MIGA.** This includes IBRD/IDA commitments of \$56.3 billion, of which \$32.5 billion was directly for COVID-19 crisis response across the four pillars (Figure 5) while the remainder targeted other urgent needs such as natural disasters and longer-term green, resilient, and inclusive development priorities. Of the total IDA commitments, \$8.4 billion was in grants to poor countries at moderate or high risk of debt distress, \$11.4 billion went to FCSs and \$786 million to Small States between April and December 2020. Seventy percent of IBRD commitments went to below-GDI countries. The COVID-19 crisis response has reinforced the unique value of the WBG global footprint with its extensive local presence.

Figure 5. IBRD/IDA Crisis Response Financing
April – December 2020 (FY20 Q4 through FY21 Q2)
(\$ billion)



Source: OPCS, World Bank

21. **Strong disbursements are driving implementation of COVID-19 response, making efficient use of portfolio resources.** From April to end-FY21 Q2, cumulative IBRD and IDA disbursements reached \$40.6 billion, of which \$13.6 billion disbursed from World Bank COVID-19 response operations approved between April and December 2020. This represents a 29 percent increase over the same period in the previous calendar year (\$31.5 billion).

22. **The WBG remains the largest multilateral funder of climate investments in developing countries.** In FY20, the Bank helped IBRD and IDA countries increase climate co-benefits from \$14.0 billion in FY19 to \$17.2 billion. The WBG total increased from \$20.7 billion to \$24.8 billion, encompassing an increase by IFC from \$5.8 billion to \$7.2 billion (including mobilizations) and \$1.8 billion from MIGA. These upward trends are continuing in FY21.

23. **Over the April to December 2020 period, IFC delivered financing of \$21.8 billion including mobilizations and short-term finance; MIGA delivered \$4.8 billion.** IFC has started implementing its Phase 2 response to support recovery efforts. In addition to the Global Health Value Chain Platform, a program to support microfinance and bottom-of-the-pyramid serving institutions, as well as SMEs targeting financial intermediaries, was approved in January 2021; and other programs and approaches to support larger corporates in hard-hit sectors such as transport, energy, telecoms, water, textiles and tourism are under development. IFC is also working on: (a) mechanisms to support companies with fundamentally sound business models but requiring refinancing or restructuring in light of the crisis, (b) financial support to investee firms across IFC's private equity Fund investments, (c) critical equity and mezzanine capital instruments to strengthen or restructure balance sheets of banks and large firms, (d) investments in private equity and venture capital funds to support growing SMEs and start-ups, digital in particular, as well as (e) mechanisms to crowd-in institutional investors to provide access to liquidity through debt markets for EMDE firms at sufficient scale to limit downside economic risks from the pandemic and associated tightening in credit markets. Over the same period, MIGA delivered guarantees of \$4.8 billion, providing urgent financing to governments for their short-term funding and working capital needs in support of SMEs and corporates and scaled up use of its capital optimization product

helping to de-risk private financial institutions to facilitate additional lending, especially to hard-hit SMEs.

24. Trust funds and other facilities are amplifying the impact of WBG COVID-19 support. Recipient-executed trust fund disbursements from April to December 2020 amounted to \$2.2 billion, of which \$1.5 billion went to countries eligible for the Debt Service Suspension Initiative (DSSI). To further help stem the spread of the virus in fragile settings and refugee communities, the Bank has launched the *Health Emergency Preparedness and Response Multi-Donor Fund* in an initial amount up to \$500 million. This is available to West Bank & Gaza, to Jordan and Lebanon for Syrian refugees, and to member countries not in good standing with IDA.

25. Proactive adjustments to WBG country programs have supported crisis response while setting foundations to rebuild better. The COVID-19 pandemic has created new challenges requiring adjustments to pre-COVID programs in ongoing Country Partnership Frameworks. At end-December 2020, documentation for financing operations included a discussion of adjustments to the WBG country programs in 64 countries. Financing is complemented by a major push on analytical and advisory services for clients. Rapid surveys and just-in-time analytical work have produced assessments and advice to inform decision-making.

Tracking Results

26. The WBG is tracking the results of its crisis responses and identifying needed adjustments through adaptive learning. Results to date include:

- Emergency health support has financed pandemic-related health services and supplies in over 110 countries. As of FY21 end-Q2, the Bank's operational pipeline includes \$2.4 billion to finance the acquisition and deployment of vaccines.
- Social protection projects, including cash transfers, are projected to have reached 1.1 billion people. Social Development operations have reached an estimated 640 million persons.
- IFC has committed \$4.5 billion from the IFC Fast-track COVID-19 Facility encompassing trade finance commitments, direct financial support for existing real sector clients, and working capital solutions to SMEs through local financial institutions and \$4.6 billion in other crisis response financing
- MIGA has provided \$4.2 billion through January 2021 in guarantees for projects to mitigate the impact of the crisis in client countries under its COVID-19 Response Fast-track Facility.

III. Supporting Green, Resilient and Inclusive Development

Development in the face of mounting challenges

27. As countries continue to undertake relief efforts, maintaining a line of sight to long-run goals of greener, resilient and inclusive development is critical. These goals are in line with the WBG COVID-19 Approach Paper, the IDA 19 Special Themes and Cross-cutting Issues, IBRD and IFC capital increase focus areas, MIGA's Strategy and Business Outlook and the forthcoming WBG Climate Change Action Plan (CCAP) 2021-2025. GRID approaches can help deliver on these priorities in contexts of FCSs, LICs as well as industrializing countries. This section builds and expands on the progress towards Resilient Recovery under Pillar 4 of the WBG COVID-19 Approach Paper (Figure 4) in line with the WBG's increased climate change commitments.

28. **Several overarching challenges make a GRID approach relevant, timely and necessary in the context of the COVID-19 recovery.** Economic prospects were already weakening prior to COVID-19 and have significantly worsened – with poverty and inequality on the rise. The decade following the 2009 financial crisis was characterized by growing structural weaknesses that have been aggravated by COVID-19. This included a slowdown in investment, productivity, employment and growth, slower progress on poverty reduction, rising debt levels, and limited fiscal buffers constraining the ability to respond to shocks. The pandemic added a recession, investment collapse and prolonged unemployment, which are expected to dampen growth significantly over the next decade (Figure 6). It also exposed structural inequalities regarding access to health services, information, morbidity rates, and the ability of households and firms to withstand economic shocks. The pandemic has also raised risks by triggering a surge in debt levels across IDA and IBRD countries.

29. **The impacts of climate change and natural resource degradation exacerbate these challenges, with disproportionate impacts on the poor.** The pace of climate change is more rapid and severe than previously projected (Figure 8). Around 1.5 billion people, predominantly in IDA and IBRD countries, live in high-risk flood zones. Under a business-as-usual approach, climate change impacts alone are estimated to push an additional 130 million people into extreme poverty by 2030. These trends are a symptom of the more widespread degradation of natural capital. For instance, air pollution kills more people than wars each year (about 7 million people). Around four billion people face water scarcity.⁹ The economic impact of air, water and soil pollution is estimated to amount to \$4.6 trillion per year, equivalent to 6.2 percent of global economic output.¹⁰

30. **Pollution problems are compounded by chronic and mounting stresses on ecosystems.** Around 75 percent of the Earth's ice-free land surface has been significantly altered, and nearly one million animal and plant species are threatened with extinction. The burden of these losses is felt mainly in developing countries, where dependence on natural resources is also highest.¹¹ Evidence suggests that the poorest in rural areas obtain a greater proportion of their incomes from forest resources than agriculture.¹² Small States and FCSs are particularly vulnerable to the consequences of resource degradation and climate change.

31. **The unequal effects of COVID-19, the recession and climate shocks are compounding each other, creating potentially permanent scars on productivity, human capital and economic mobility.** The goal of reducing extreme poverty to below 3 percent by 2030 may now be unachievable (Figure 7). COVID-19 threatens to reverse decades of hard-won gains in human capital, especially for women and girls. Child mortality is expected to rise by 45 percent globally, malnutrition is expected to be aggravated by the pandemic, knowledge and skills of school children are being eroded due to school closures and dropouts.¹³ Together these will likely lower future earnings and dent human capital. Women have suffered disproportionately.

32. **IDA and IBRD countries risk experiencing a lost decade that would set back development and have repercussions for the global economy** given the significant contribution of developing countries – they account for 36 percent of global GDP and 55 percent of global

⁹ <https://advances.sciencemag.org/content/2/2/e1500323>, <https://openknowledge.worldbank.org/handle/10986/34655>, <https://openknowledge.worldbank.org/handle/10986/34555>, https://www.who.int/health-topics/air-pollution#tab=tab_1
¹⁰ [https://www.thelancet.com/pdfs/journals/lancet/PIIS0140-6736\(17\)32345-0.pdf](https://www.thelancet.com/pdfs/journals/lancet/PIIS0140-6736(17)32345-0.pdf)

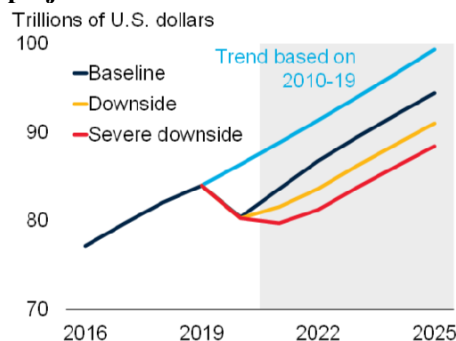
¹¹ <https://www.ipcc.ch/srccl/chapter/chapter-4/>

¹² <https://ideas.repec.org/a/eee/wdevel/v125y2020ics0305750x1830411x.html>

¹³ See <https://www.researchsquare.com/article/rs-123716/v1>; <https://www.worldbank.org/en/publication/poverty-and-shared-prosperity>

growth since 2010. The immediate task is to restore investment for recovery and to further raise it for growth and transformation around sustainable, inclusive and resilient development.

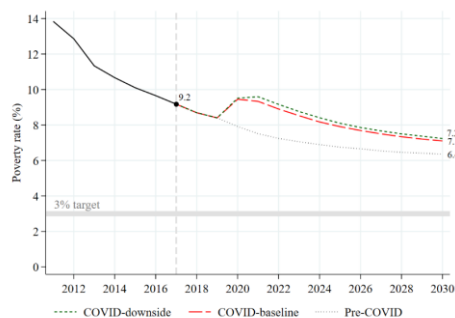
Figure 6. Long-term Global output projections



Note: USD in 2010 prices.

Source: Global Economic Prospects (GEP) 2021, The World Bank.

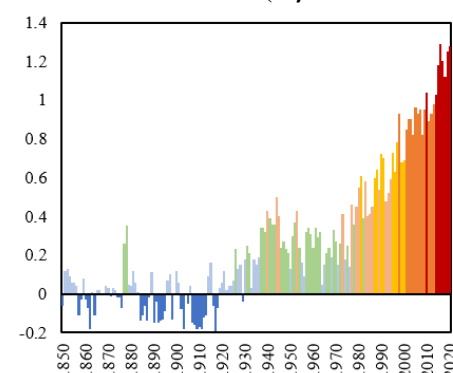
Figure 7. Long-term Projection of Global Poverty



Note: US\$1.90-a-Day Poverty Line, to 2030.

Source: Updated estimates based on Lakner et al. (2020), PovcalNet and Global Economic Prospects.

Figure 8. Global Average Temperature Difference 1850-2020 (°C)



Note: Annual mean temperature difference relative to 1850-1900 pre-industrial levels.

Source: HadCRUT5.

Moving from crisis to recovery and building foundations for sustainable growth

33. **A business-as-usual recovery package that neglects interlinkages would not adequately address the complex and simultaneous challenges that confront the world.** A business-as-usual approach would also be vulnerable to increased risks of climate change and other crises that would result in subdued and unstable growth. Targeting any one of the global challenges in isolation is likely to be less effective than a coordinated response to their interacting effects. For instance, climate change has adverse impacts on economic performance, while weak economic performance translates into a constrained capacity to invest in risk reduction and adaptation. This “double jeopardy” can lock countries into weakened positions with higher levels of poverty that bring about undesirable social and economic consequences. The interdependence between economic systems, human health, and nature means that a continuation of current growth patterns could erode many of the conditions that enable it. The challenges are highly interconnected and global cooperation is likely to be more effective than unilateralism (Box 2).

Box 2. The Case for Global Cooperation

- This is the most synchronized crisis on record – economies across the world have experienced a simultaneous and deep recession. A coordinated recovery will yield the greatest impact for all.
- Delaying the economic recovery will deepen the damage and increase future needs for development aid.
- A business-as-usual recovery would be detrimental to the environment as it would lock-in polluting capital.
- A strategy of sustainable growth is cheaper in the long run, but has higher up-front financial costs, which many IDA and IBRD countries cannot meet given limited fiscal space and limited access to affordable financing.
- There is an opportunity to channel the vast amounts of savings that are earning low or no yields to financing opportunities for sustainable investment everywhere, and especially in developing countries. It could also be creatively channeled into addressing the global climate challenge and other investments that generate both public goods and private returns.

What are the key ingredients of a robust, equitable and durable recovery?

34. **There are three important dimensions to achieving a more sustainable and equitable recovery and long-term development paradigm:**

- **Green:** Environmental, socio-economic and financial sustainability will be considered. Sustainability hinges on promoting growth through public and private sector investments that eliminate (or mitigate) the adverse side effects of activities that threaten future growth. Growth can be impacted due to risks such as disasters, health effects of pollution, or the degradation of fertile soils. Risks also arise from getting locked into activities for which there is declining demand. By extension, growth opportunities emerge from investing in clean products for which demand is rising.¹⁴
- **Resilient:** To safeguard development, countries and firms face the need to prepare for, mitigate and adapt to a wide range of risks and uncertainties, including recessions, financial shocks, conflict and violence, natural hazards, climate change, and pandemics driven by zoonotic diseases. By building resilience to a variety of shocks – economic, social, climate, or health-related – countries and firms would avoid diverting scarce resources to repeated cycles of shock, restructuring, recovery, and rebuilding.
- **Inclusive:** Rising inequality and the exclusion of different social groups from services, markets and opportunities impedes development and foments discord. Ensuring that the recovery does not leave anyone behind can reduce disparities in opportunities and outcomes and help excluded groups to realize a fair share of benefits. Including diverse perspectives and involving communities in the design of policies and investment projects by private and public sector entities can ease implementation challenges.

35. **While macroeconomic and structural policies, resilience, inclusion and climate change policies and investments have long been considered by the WBG, GRID emphasizes a comprehensive approach that seeks to systematically address the interrelations.** Integrated and synchronized approaches build on synergies and are frequently more effective (Box 3). For instance, social safety nets are core elements of a GRID agenda as they support job transitions and help address political and social resistance to “green” reforms, such as fuel subsidy reforms.

Box 3. What is different about GRID for WBG engagement?

Four aspects of the GRID approach are distinctive. First, it recognizes that the challenges of poverty and inequality, and the challenges brought about by COVID-19 and climate change are interrelated, and thus need to be addressed simultaneously and systematically. COVID-19 and climate change are both symptoms of inadequate management of natural capital that have economic and social consequences. Tackling climate change and addressing poverty can only be achieved together – neither will be achieved on its own. Hence, the design of macroeconomic and structural policies needs to account for impacts on resilience, inclusion and the environment, and vice-versa. Policy makers cannot afford short-sighted solutions to the COVID-19 crisis, if they undermine the ability to manage the longer-term climate crisis. Instead, crisis response measures need to consider the short and long run irreversible implications of policies, avoiding getting locked into unsustainable investments and development paths. Second, since impacts are global, effective responses also need international cooperation. Third, given the urgency and magnitude of these crises, interventions and investments need to be accelerated and at scale. This requires addressing financial constraints, especially in countries with limited fiscal space. Fourth, the recovery cannot be sustainable if it leaves behind vulnerable population groups. Creating inclusive opportunities is at the core of GRID as climate change and COVID-19 disproportionately impact the poor and vulnerable.

36. **Differentiated approaches will be needed for IDA and IBRD countries in the move to GRID** (Box 4). IDA countries tend on average to be more vulnerable to climate risks,¹⁵ suggesting the need for a greater emphasis on investments that build resilience, addressing poverty, service

¹⁴ https://unctad.org/system/files/official-document/ditcted2018d4_en.pdf

¹⁵ https://www.nber.org/system/files/working_papers/w25779/w25779.pdf

gaps and jobs. There is also a need to avoid investments that increase future risks or leave countries with stranded assets. GRID also presents an opportunity, particularly for IDA countries, to leapfrog to modern, efficient and competitive technologies. This can unlock new sources of growth and jobs, strengthen their resilience and address transition costs. In IBRD countries there is also an opportunity to embrace these new sources of growth that come from shifting market preferences. As major companies and investors pivot to greener standards, unsustainable practices could constrain competitiveness and access to capital.

Box 4. Differentiated Approaches in IDA and IBRD countries

The transition towards GRID will bring challenges and opportunities. Addressing both will be critical for a successful and inclusive transition in both IDA and IBRD countries. Specifically:

- Through a transition to low-carbon energy, IDA countries can leapfrog to renewables while leveraging gas to power production of a baseload, particularly in rural and underserved areas. In IBRD countries the focus will be on a combination of stronger fiscal and price incentives (e.g. energy subsidy reform) and support to energy efficiency including through private sector interventions. Crucially, a “Just Transition” is needed to reduce inequality and promote inclusive growth (see Annex 1).
- In promoting adoption of new technologies and economic opportunities, countries should focus on areas of comparative advantage, where employment multipliers are high, responses are timely and environmental benefits accrue. The transition also involves investments in income, training and job search support to potential job losers in shrinking sectors.
- To strengthen resilience and risk management, both IDA and IBRD countries can invest in risk-based safety nets (in addition to need-based safety nets) and promote access to market-based solutions including through the private sector, such as weather and other forms of insurance, especially for the most vulnerable. Expansions in digital access can support financial inclusion.

37. **There are numerous investment opportunities to support GRID goals and promote job and economic transformation (JET).** Public and private sector investments in land rehabilitation and watershed restoration have especially high employment multipliers (around 30 jobs per \$1 million). The transition to clean energy infrastructure construction is also labor intensive, creating twice as many jobs per dollar as fossil fuel investments.¹⁶ Investments to expand coverage of basic services like water, sanitation, electricity, digital connectivity are crucial in IDA countries and target key aspects of GRID: jobs, services, and resilience.

38. **In sum, investment options are available to generate jobs without sacrificing broader development and sustainability objectives.** The appropriate investments will differ across countries, reflecting country needs, economic structures that determine the size of the employment multipliers including the development stage of the private sector in the country, and environmental footprint.

39. **The window for investing in sustainable infrastructure is today, during the current period of rapid urbanization and demographic transition in developing countries.** The cities and transport networks built today will set patterns of pollution, energy consumption and population density for decades to come. A strategy of growth followed by environmental clean-up is often more expensive than a strategy of sustainable growth; but in many cases the latter may have higher up-front costs. Thus, it is crucial for financing strategies to recognize long-term societal benefits. Currently, countries may adopt short-term solutions based on cash-flow concerns, rather than long-term, least-cost solutions, and this leads to underinvestment in resilience

¹⁶ https://academic.oup.com/oxrep/article/36/Supplement_1/S359/5832003

and sustainability. While a GRID approach may come with complex trade-offs (Box 5), overcoming the financial and technical barriers is key to building the sustainable systems of the future.

Box 5. Proactively Managing Policy Trade-offs

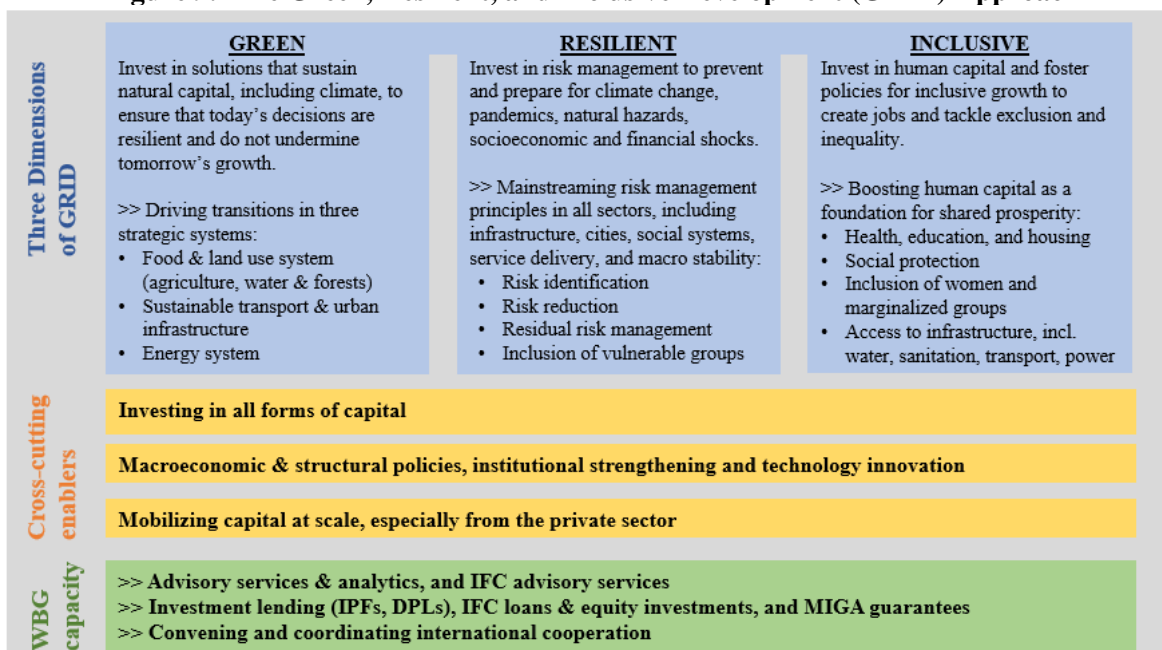
Policy makers will be faced with trade-offs in charting the path to GRID. While there are costs of taking actions to address policy errors or infrastructure deficits, there are also costs of inaction. These costs of action and inaction need to be weighted to guide policy. In practice, it can be difficult to fully account for all impacts, since some (such as mortality from air pollution, or diarrhea from a lack of clean water) are less visible and identifiable than are other types of costs. The GRID approach aims to draw attention to these trade-offs and to consider the full range of benefits and costs to facilitate better policy choices. This is important because decisions taken today can have irreversible and detrimental long-term consequences that often disproportionately impact the poor.

While GRID can create new green jobs and net employment gains overall, there will also be job losses in the short term due to declining competitiveness of carbon-intensive industries. These job losses will be concentrated sectorally (e.g. in coal) and spatially in places specialized in carbon-intensive production. Hence, the low-carbon transition will not only impact workers directly in these sectors but can also have potentially large spillovers to communities and regional economies. Hence, targeted measures are crucial to address these risks and ensure a just transition; including through investment support, safety nets and human capital investments. To this end, the WBG is providing governments and firms with comprehensive support, including for mine closure and land rehabilitation, skills retraining, labor mobility, and local economic development.

How do countries get there and what role can the WBG play?

40. **A faster, more durable recovery will require coordinated interventions across three areas:** (1) Investing in all forms of capital, (2) macroeconomic and structural policies, institutional strengthening and technological innovation to enable the transition, and (3) mobilizing capital at scale, especially from the private sector. Figure 9 illustrates the approach.

Figure 9. The Green, Resilient, and Inclusive Development (GRID) Approach



1. Investing in all forms of capital

41. **For recovery and growth, there is an urgent imperative to scale up investments to reverse the collapse of economies and for the significant shifts needed for transformation.** There is a unique opportunity to invest in options that create jobs, are growth enhancing and contribute to a better future. Desirable investments are those that are fast to implement, sustainable and labor-intensive in the short run, with high GDP multipliers. In this context, private and public sector investments are needed in all forms of capital – human, physical, natural, and social - and at scale to drive growth and job creation.

42. **Rebuilding human capital requires integrated reforms and policies and sustained financing.** Measures are needed to reverse the setback in human capital development, while addressing structural disparities.

- **The immediate priority for countries fighting COVID-19 remains containment and vaccine deployment.** Deploying vaccines will be challenging. Ending the pandemic requires high vaccination coverage. Delivery of vaccines presents challenges unprecedented in scale, speed and specificities, which will require strong coordination.
- **Investing in inclusive and resilient services for health, housing, education, water supply and sanitation builds stronger and resilient communities.** The pandemic has highlighted the need to invest in primary health care. To address the risk of children dropping out of school permanently, especially girls, immediate investments are needed to protect learning gains. Deepening inequalities make targeting interventions, including access to vaccines to the most disadvantaged especially important. The lack of safe water, sanitation, and hygiene services remains a problem in developing countries that heightens risks of disease transmission.
- **Education policies are needed to address the learning crisis and meet future skill needs, particularly for youth and women.** This includes redoubling efforts to build literacy, numeracy, and other foundational skills, while also fostering skills demanded in the 21st century labor market, as outlined in the JET agenda. Educational technology can help raise education quality and equality, support learning recovery, help reform the way education is delivered so that learning continues beyond school walls and make education systems more resilient.
- **Women are at the center of the GRID agenda as powerful agents of change.** The need for a strong recovery further emphasizes the importance of economic empowerment of women; including through financial support to women owned MSMEs; which is at the center of WBG gender priorities. Education for girls, together with family planning, reproductive and sexual health, and economic opportunities for women will accelerate the green, resilient and inclusive dimensions of development.
- **Strengthening social protection is an essential part of development, as it builds resilience and inclusion.** Social protection transfers and livelihood support are key to bolstering poor and vulnerable households' and communities' resilience to shocks and can prevent non-poor households falling into poverty. Safety nets and cash transfers can be used to prevent habitat degradation, for example, through "payment for environmental services schemes" while rural employment programs that restore degraded land and forests are found to have some of the highest job multipliers.¹⁷ Sustainable natural resource management initiatives provide much-needed employment opportunities for vulnerable populations residing in forest and coastal areas resulting also in climate change mitigation benefits. Social protection can also help build

¹⁷ <https://www.sciencedirect.com/science/article/abs/pii/S0308597X12001182>

social cohesion and complement climate-smart fiscal reforms, such as fossil fuel subsidy reforms.

43. **Investments in sustainable infrastructure will be key for a strong economic recovery, creating jobs and a basis for GRID.** To sustain growth, critical transitions are necessary in food and land-use, transport and urban, and energy systems. These are among key drivers of real sector growth and have significant environmental impacts at global and local level. There is evidence that fiscal multipliers from resilient and sustainable investments outperform those from alternative investments.¹⁸ Successful transitions in these sectors also support jobs and economic transformation. A shift to low-carbon, resilient economies is estimated to create over 200 million net new jobs by 2030.¹⁹ Overall, transitions in these sectors are critical for addressing the growing impacts of natural resource degradation and pollution on productivity and human health.²⁰

- **A food and land-use system transition is needed to ensure that people have access to safe, nutritious, and sustainable food.** The global food and land use system must not only be inclusive in its reach and resilient to shocks, but also address its significant environmental impacts. It uses 70 percent of freshwater, accounts for around 25 percent of global GHGs, is the largest user of land and is responsible for much of the biodiversity loss, while also driving nutrient runoff which has impacts on water quality and human health. The environmental cost of the food and land use system is estimated to be about 30 percent of the sector's global market value.²¹ The system will need to feed an extra 2 billion people by 2050,²² without undermining the resources that sustain it.
- **While the challenges may seem formidable, solutions are available and affordable.** The WBG has promoted climate-smart agriculture techniques to increase productivity, improve nutrition security and boost incomes. Landscape approaches decrease the risk of deforestation and help conserve environmental services, including water and biodiversity. They also reduce vulnerability to climatic shocks (e.g. droughts), while reducing the emission intensity of food production. Other measures to address food insecurity include reducing food waste; making healthy diets more affordable; improving natural resource management including sustainable water use and managing impacts on forests and biodiversity. The WBG also supports the One Health approach to achieve optimal well-being outcomes, recognizing the interconnections between people, animals, plants and the environment. Digital technologies are key to improve the efficiency, resilience, and inclusiveness of agricultural value chains. Cutting across these areas is the importance of tackling distortive policies and subsidies.
- **Transport and urban systems need to build resilience and reduce emissions.** For the first time in history, more people live in cities than in rural areas. However, with rapid urban growth, cities have become major sources of GHG emissions and energy use – particularly in the transport, buildings, and waste sectors. Transport systems alone account for 16 percent of global GHG emissions, and 25 percent of particle emissions and these have grown faster than those of almost any other sector in the past 50 years. On current trends, emissions from transport and cities will keep growing as countries urbanize, freight volumes rise and demand for mobility increases.
- **The development of green and sustainable cities requires designing more efficient and well-connected cities with enhanced access to services.** WBG priority actions include support for energy efficiency of buildings, establishing circular economies, expanding

¹⁸ Stern and Bhattacharya (2020) "Better Recovery, Better World: Resetting Climate Action in the Aftermath of the COVID-19 Pandemic."

¹⁹ <https://pressroom.ifc.org/all/pages/PressDetail.aspx?ID=26157>

²⁰ <https://www.nature.com/articles/461472a>

²¹ <https://www.foodandlandusecoalition.org/wp-content/uploads/2019/09/FOLU-GrowingBetter-GlobalReport.pdf>

²² <https://www.cgiar.org/research/program-platform/water-land-ecosystems/>

efficient waste management, and assuring adequate water supply and sanitation services. As demand for water increases, and exceeds readily available supplies, cities will require new and increasingly distant sources to be identified, secured, stored and conveyed. Investing in sustainable mobility will require the expansion of capacity, affordability and access of public mass transport systems, thus replacing polluting transport services. Action is also needed to facilitate fleet renewal and electrification, including through the private sector. Introducing minimum emissions and safety standards for used vehicle exports and improving fuel quality standards have the potential to greatly reduce GHG emissions and air pollution.

- **An energy system transition is vital to move towards low carbon development, while carefully managing socio-economic effects.** Energy use accounts for 73 percent of global GHG emissions, and fossil fuel-based electricity generation uses large amounts of water.²³ Wide-ranging electrification of economic activity is considered a cornerstone of decarbonization – for instance in transport, industrial production, and the power sector – alongside approaches to manage demand and improve efficiency of resource use. Transitioning to a low carbon energy system accelerates progress towards SDG7, which focuses on universal access to affordable, reliable and modern energy services. This is crucial particularly in Sub-Saharan Africa where more than half of the population still lacks access to electricity. Promising new areas include offshore wind, floating solar, battery storage, renewable mini-grids, and digital technologies.²⁴ Here too, priority should be given to private sector firms' investment in line with the Cascade objectives.
- **The WBG will prioritize increased access to clean and affordable energy, while improving efficiency.** This includes assisting utilities recover from cash shortfalls, restructure debt, build capacity, as well as expand use of private sector solutions. These actions are key to successful decarbonization strategies that also address pervasive fossil fuel subsidies. Advancing energy efficiency is also a key priority. In parallel, the WBG is supporting countries in ensuring just transitions, by mitigating negative social impacts and facilitating new economic opportunities for affected workers and communities. The WBG is also leading the Climate Smart Mining initiative, which supports sustainable extraction and processing of the minerals and metals used in clean energy technologies, such as wind, solar power, and batteries for energy storage and electric vehicles.

44. **Climate change, poverty and inequality are defining issues of our time – and increasingly they work hand in hand. It is critical to integrate climate and development strategies.** To effectively build resilience to natural hazards and compound risks and adapt to climate change, the WBG will support countries to act in three areas. First, by strengthening information systems to enable *risk-informed decision making and planning*; for instance, by investing in hazard and risk data, asset management platforms, and decision-making tools. Second, *risk reduction measures* are crucial to minimize risks and impacts – even if risks can never be fully eliminated; for instance, through infrastructure resilience, risk-informed spatial planning, irrigation systems, and nature-based solutions which simultaneously provide human well-being and biodiversity benefits. Third, effective *residual risk management* is key to enhance preparedness, to reduce losses when disaster strikes, to facilitate a rapid recovery, and to minimize long-term damages; for instance, by establishing emergency response protocols, disaster risk financing, shock-responsive safety nets, and risk transfer solutions, such as insurance schemes or catastrophe bonds.

²³ <https://ourworldindata.org/ghg-emissions-by-sector>

²⁴ <https://www.nature.com/articles/s41560-020-00755-9>

45. **Investments in resilient infrastructure yield substantial socio-economic benefits.** Infrastructure disruptions, caused by natural hazards and poor maintenance, cost households and firms at least \$390 billion a year in IDA and IBRD countries. The WBG estimates that building resilient infrastructure in IDA and IBRD countries could unlock \$4.2 trillion in socio-economic benefits over the lifetime of these investments.²⁵ On average, investing \$1 in resilient infrastructure yields \$4 in benefits. These benefits include reduced repair and maintenance costs, but also resilient supply chains, business continuity, and assurance of essential jobs, goods and services for households.

46. **Investment strategies that are aligned with climate goals are key to drive sustainable infrastructure.** Nationally Determined Contributions (NDCs) and low-carbon resilient long-term strategies that achieve better growth, climate and development outcomes are key components to such an investment strategy and to frame needed policy and institutional reforms. The WBG has in the past two years supported 25 countries in the preparation of their NDCs aligning with their national development plans and private sector bankable projects. In the upcoming WBG CCAP 2021-25, the WBG will engage with many more countries to provide support, analytics and diagnostics for reviewing their climate actions, updating NDCs that will be Paris aligned bearing in mind the countries' circumstances and long-term development strategies. The WBG will support Paris alignment by helping developing countries, through our programs, to achieve their NDCs, reduce their reliance on coal, and transition to lower-carbon, climate-resilient economies.

2. Macroeconomic and structural policies, institutional strengthening and technological innovation to enable the transition

47. **Macroeconomic, structural, and sectoral policies will play a critical role in creating the enabling environment and advancing a sustainable recovery.** Monetary policy in developing countries is likely to remain generally accommodative, which may bolster the effectiveness of fiscal policy. Countries increasingly face the challenge of preserving financial stability while maintaining accommodative macroprudential policy stances to help facilitate credit availability. Countries will need to be vigilant in case risks materialize during the relief or recovery stages and be ready to take quick action. If the crisis is prolonged, due for instance to vaccination related issues, extending support measures may not be possible and governments will need to broaden the tax base to fund the recovery. This broadening should also focus on under-taxed activities (e.g., carbon, real estate, wealth, tobacco) and on reducing the scope for tax avoidance and evasion. If there is a successful vaccination and an economic recovery, the unwinding of support measures may expose financial vulnerabilities and trigger financial instability particularly in those IDA and IBRD countries that entered the pandemic with elevated public and private debt, fragile banking sectors, and weak corporate insolvency regimes.

48. **Countries also need to undertake key structural reforms:** removing constraints to private sector growth (e.g., facilitate balance sheet adjustments of private firms to free up resources for investment, and policy to open markets to private actors), promoting competition and innovation, deepening trade integration, and addressing deepening inequality. Carbon pricing and related mechanisms would be a useful adjunct to address the climate change related externalities.

49. **Trade policy can help spur growth, develop greater resilience and promote inclusion.** Reducing trade costs at the border to promote trade and lowering tariffs and non-tariff barriers on imports that embody new technologies can drive productivity growth and adaptation. Identifying

²⁵ <https://openknowledge.worldbank.org/handle/10986/29461>

and developing ‘carbon competitive’ goods and services can drive the shift away from reliance on comparative advantages that are vulnerable to climate change. Global and regional integration agreements can develop common standards on environmental goods and services and address challenges with cross-border impacts (e.g. deforestation). Developed countries can support GRID through trade reforms that reduce the current bias towards carbon-intensive upstream goods. They can also support green trade liberalization focusing on goods and services of priority interest to developing country exporters. Countries can review trade-related measures, such as intellectual property rights, that may restrict the diffusion of clean technologies to developing countries. More inclusive trade can be driven by lowering trade costs for SMEs and reaping the gendered benefits arising from trade expansion in services and digital connectivity.

50. Strengthening fiscal positions and investing into GRID can be achieved through improvements in both expenditures and revenues, and private sector solutions. There is scope for reforms that simultaneously generate economic and environmental benefits through improvements in allocative efficiency and spending efficiency.

- **On the expenditure side, improving public spending and investment efficiency, quality of public procurement, and accountability** can ensure that expenditures yield high growth dividends and offset the impacts of consolidation. Strengthening governance could sharply reduce expenditure losses incurred by public infrastructure inefficiencies. Reforms that promote efficiency through market competition are needed.
- **Emphasis can be given to green priorities and private sector solutions.** Investments in natural capital are effective ways to boost employment and are poverty reducing, since they are labor intensive. Public-private partnerships can leverage financing as well as scale up and catalyze economic and environmental recovery through innovation for JET.
- **On the revenue side, an equitable and efficient tax system that promotes environmental sustainability** could help mobilize domestic revenues and soften the drag from consolidation. Environmental taxes generate efficiency gains by ensuring that market prices reflect externalities, while promoting innovation and investment in cleaner technologies. Environmental taxes can thus generate a ‘triple dividend’: cutting pollution, raising economic activity and producing development co-benefits, such as clean water, and improvements in health. When combined with a reduction of labor taxation they are effective in lowering unemployment in situations of high informality and tax evasion.

51. Technology and innovation will play an essential role in promoting growth that is decoupled from emissions. Recovery packages are an opportunity to prioritize investments in the infrastructure needed to develop and roll out transformative technologies.

- **Digital transformation provides a unique opportunity for countries to accelerate economic growth and promote inclusion.** The COVID-19 pandemic has further demonstrated the significance of the internet in enabling economic activity especially in remote and underserved populations. Yet, almost half of the world population is still without internet access and a persisting digital divide is a key driver of inequalities. The cost of universalizing digital access is modest and estimated at about \$428 billion over 10 years.
- **Technologies need to be transferred at scale in order to provide affordable development solutions.** A variety of solutions that encompass patent pools, cooperative IPR arrangements, cross-licensing, direct subsidies, feed-in-tariffs and changes in regulatory and trade frameworks will be needed to accelerate technology transfers to IDA and IBRD countries.

3. Mobilizing capital at scale, especially from the private sector

52. **Meeting investment objectives will call for significant financial resources at a time when countries are facing fiscal constraints and debt overhang, and there is a need to augment all sources of capital and finance and use it effectively.** This includes the private sector, domestic resources, and development financing. There are several avenues to achieve this. First, countries will need to reshape their tax systems to promote greater fairness through options such as broadening tax bases, enhancing progressivity (e.g. wealth tax), reforming expenditures and subsidies, and addressing corporate tax avoidance and taxes on the digital economy.²⁶ Second, a greener recovery creates new investment opportunities, especially for the private sector, that have a positive economic and social impact.²⁷ This requires policies and regulations which open markets to competition, leverage the financial system to promote “green” investments and level the playing field to deploy “green” private sector solutions. Joint public-private interventions are key in supporting private investments for GRID. Third, leverage the WBG ability to help client countries by mobilizing private capital to support green investment opportunities. Finally, the WBG will explore a menu of possible debt treatment strategies. IFC is also looking to support private sector players who are in need of refinancing or balance sheet restructuring while positively influencing their ESG footprint. This includes financial institutions in need of equity capital or long-term debt which are willing to substantially increase the share of green investments or women-led businesses in their portfolio.

IV. International Cooperation and Sustained WBG Financial Support

53. **Further exceptional support from the international community, including from the WBG, will be required in the years ahead to help developing countries avoid the prospect of a lost decade.** Exceptional crisis-related expenditure needs will leave most developing countries with limited choices and difficult policy tradeoffs. A substantial share of developing countries already showed signs of over-indebtedness before the crisis, and the pandemic is worsening the situation substantially. Per the WBG COVID-19 Approach Paper, external financing needs for active IDA countries could increase by up to \$100 billion per year; for IBRD borrowers, the increase could be up to \$600 billion annually.

The WBG and other MDBs are providing positive net flows to both IDA and IBRD countries for urgent interventions that impact the poor and vulnerable. The WBG’s contributions include highly concessional long-term financing for poor countries and IFC’s upstream engagement dedicated to proactively creating the market conditions for private sector solutions and strengthening private international resource mobilization. However, exceptional support from IFIs will not suffice. The G20 DSSI for poor countries announced in April 2020 continues to make important progress. The DSSI provided about \$5.7 billion in debt service suspension to 43 participating countries in 2020 delivering about one-third deferrals (compared to the potential deferrals identified in the World Bank’s IDS data) due to lack of private sector participation and limited participation of national policy banks. In this context, the Common Framework endorsed by the G20 in November aims to address this challenge by providing debt relief in a tailored way for countries with unsustainable debt or with sustainable debt and large medium-term financing needs, while supporting fair burden-sharing between the official and private sectors.

²⁶ See Dais, C., E. Saez and G. Zucman (2020), A progressive European wealth tax to fund the European COVID response | VOX, CEPR Policy Portal, <https://voxeu.org/article/progressive-european-wealth-tax-fund-european-covid-response>.

54. **IBRD country lending envelopes continue to be guided by core principles and policy commitments.** A robust governance structure is in place to ensure fairness and focus on maximizing development outcomes. The share of IBRD financing to below-GDI countries over FY19-20, at 74 percent, was above the average 67 percent for FY19-30, and this trend is expected to continue in FY21, in line with the 2018 IBRD Capital Package commitments related to graduation and lending to countries which are above-GDI.

55. **For IDA countries, resilient recovery requires support and resources far beyond what countries can mobilize themselves or what development partners are currently providing.** Since the beginning of the COVID-19 crisis, IDA has mounted substantial support to countries' crisis response, which is vital but has come at a high cost to other development priorities that are critical to the GRID agenda. The GRID agenda also requires affordable financing, including grants, to absorb upfront costs so that countries can benefit from the larger economic benefits of the transformation over time. Through the Cascade, the WBG can also provide blended finance and policy advice to support the recovery effort. The IDA19 Private Sector Window and other risk sharing facilities help spur private sector growth. IDA thus provides a ready vehicle to propel poor countries towards a greener, more resilient, and more inclusive future. In recognition of the need for additional finance in IDA countries in FY22 and FY23, IDA Participants are looking to bring forward IDA20 by one year. This involves reducing the IDA19 period from three to two years, frontloading some FY23 resources into FY22. Management will plan on a US\$35 billion program in FY22; this volume and the related carry-over to IDA20 will require further discussions as part of the replenishment process.

56. **IFC's capital position is getting stronger and should allow it to lean forward in support of the recovery.** The deliberate slowdown in equity commitments over the past 4 years and the recently approved IFC capital increase set IFC up well for a strong response to the economic effects of the COVID-19 crisis, provided its capital increase encashments proceed swiftly. With rising public debt sustainability concerns, the private sector will require even more resources to support the restructuring and recovery phases. As such, demand for IFC resources is likely to grow further over the next few years. IFC's capacity to meet this demand beyond FY21 will depend on (i) the speed of the IFC capital increase encashments, (ii) the depth and length of the economic crisis as it affects IFC's existing portfolio, especially its equity investments and (iii) private investments growth in client countries which directly affects IFC's investment program.

57. **MIGA is well positioned to be a frontline mobilizer of private finance in support of a sustainable, resilient and inclusive recovery.** The Agency's mandate to support foreign investment into both IBRD and IDA countries through its powerful de-risking instruments is well calibrated to address the unprecedented global challenges facing the global community. Coupled with its efficient and agile business and financial model and ever closer coordination with IBRD, IDA and IFC, as well as its strong private and public partnerships, MIGA can play a crucial role in supporting the GRID agenda.

V. Conclusions

58. **The WBG stands at the forefront of multilateral crisis response – deploying financing, knowledge, partnerships and platforms to combat COVID-19 and renew progress on the WBG twin goals and the SDGs.** WBG financial support has been central to the multilateral response, particularly for poor countries (Figure 10). The WBG is delivering on its commitment to provide up to \$160 billion in financial support by June 2021, but further exceptional support

will be needed including for supporting the GRID agenda. Stepped-up international cooperation is essential. The WBG is cooperating with the global community to accelerate development of vaccines and ensure accessibility. Close coordination with the IMF is enhancing debt sustainability analysis and helping countries manage debt and fiscal space. Cooperation with the UN is strong in FCV contexts to provide support to vulnerable communities, refugees and internally displaced persons. The WBG is preparing an actionable CCAP to further systematize climate considerations in our programs and operations. COVID-19 recovery will be economically stronger, more sustainable, and more inclusive if informed by GRID. The WBG Country Partnership Frameworks will build on this enhanced prioritization for helping countries achieve better and more sustainable outcomes in accordance with their needs and priorities.

Questions

- 1) *Do Governors endorse the direction of the GRID framework and its relevance for helping WBG clients to achieve strong and durable recovery and sustainable development?*
- 2) *Do Governors agree on the need for integrating development strategies and climate strategies?*
- 3) *Do Governors affirm the WBG's aim to continue providing large positive net flows of public and private finance to support clients, including by advancing IDA20 by one year?*

Figure 10. Multilateral Financing since April 2020

(\$ billion)

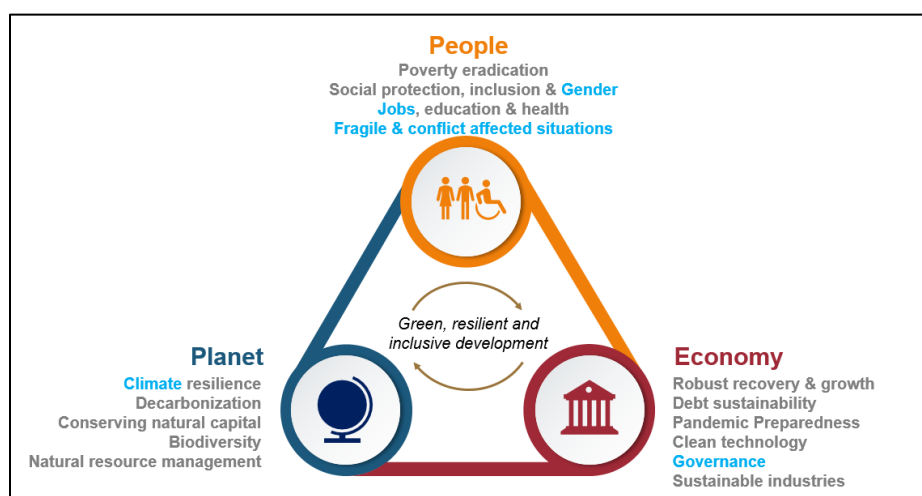
	WBG	IMF	MDBs
Lending to IBRD Countries	26	38	---
Lending to IDA Countries	21	9	---
Lending to Blend (IBRD/IDA) Countries	9	7	---
TOTAL SOVEREIGN LENDING TO COUNTRIES	56	54	58
Undrawn Flexible Credit Lines (FCL) to IBRD Countries	---	47	---
TOTAL SOVEREIGN GUARANTEED	56	101	58
Non-sovereign guaranteed	27	---	21
GRAND TOTAL	83	101	79

Based on most recent commitments data as reported by MDBs from April to December 2020; update in process. MDBs include ADB, EBRD, IsDB, NDB, AIIB, CEB, AfDB, IADB and EIB. EIB data is through June 2020. IMF includes \$52b in flexible credit line arrangements to 3 LAC countries of which \$5b has been drawn. WBG total includes \$4.8 billion in MIGA guarantee issuance. Source: World Bank.

Annex 1: A Just Transition to Green, Resilient and Inclusive Development (GRID)

The proposed transition is inclusive by design since it is based upon a framework that acknowledges the interlinkages between People, the Economy and the Planet (Figure A.1). In this context, the WBG has ramped up its support to facilitate just transitions. As an example, the global initiative *Supporting Energy Transition in Coal Regions* has provided pioneering technical assistance to governments to develop strategies, strengthen policies, and build institutional capacities to enable coal regions to transform towards low carbon futures.

Figure A.1. Acknowledging interlinkages between People, the Economy and the Planet



Examples of Transition Interventions and Policy Actions

- **In Asia:** IFC and *Collectius*, a pan-Asian pioneer in unsecured debt purchases, launched a platform to address COVID-19 impacts on commercial banking. The platform, under IFC's DARP, will allow banks to address NPLs and focus on new lending, enabling defaulted debtors to meet financial obligations, thereby securing livelihoods and protecting jobs
- **Bangladesh, Nepal, Pakistan:** The WB's Climate Adaptation and Resilience for South Asia (CARE) project aims to build and strengthen the capacity, tools and collaboration needed for climate-resilient policies and investments in South Asia.
- **Bulgaria:** RAS supporting development of territorial decarbonization strategies, which addresses broader emissions-intensive sectors, including mining, power, and heavy industry.
- **Burkina Faso** has regulated the determination of forest zones and wildlife areas as protected and has implemented such protection to 17 classified forests.
- **Cape Verde** has developed a long-term master plan to modify the power generation mix towards cheaper and cleaner sources, with the aim to achieve 30 percent of power generation coming from renewable energy sources by 2025, reaching 54 percent by 2030.
- **Costa Rica:** A DPL supports the country's program to: (i) protect people's income and jobs from the impact of COVID-19; (ii) reinforce fiscal sustainability in the aftermath of COVID-19; and (iii) lay foundations for low-carbon development.
- **Cote d'Ivoire** is promoting green growth through environmentally sustainable investments in cocoa, agro-forestry, renewable energy, and energy efficiency sectors.
- **Croatia** adopted the Law on Climate Change and Ozone Layer Protection to strengthen the policy and accountability framework for low carbon development and resilience.
- **East Africa:** The Skills for Transformation and Regional Integration Project focuses on improving TVET programs; 4 out of 16 programs include: geothermal, hydropower, and railway (x2). Procurement of equipment includes potential impacts of climate change.

- **Eastern Europe, including Kosovo:** MIGA guarantees are freeing up regulatory capital that is allowing for the expansion of green SME loans of a German Bank in its subsidiaries in Albania, Bosnia and Herzegovina, Georgia, Kosovo, Moldova, North Macedonia, Serbia and Ukraine. MIGA's support will help the Bank lay the foundation for sustained green growth in the impacted countries as MIGA guarantees are supporting climate finance SME transactions. Approximately, 15 percent of MIGA's support will be provided to Kosovo, an IDA and FCS country.
- **Ethiopia:** The Rural Productive Safety Net Project aims to address the underlying causes of food insecurity, to which environmental degradation is a major contributor. The public works program is aimed at watershed and rangeland development.
- **Fiji,** IFC and Fiji's Ministry of Commerce, Tourism, Trade, and Transport conducted a survey to quantify the impact of COVID-19 on Fijian tourism industry. Over 60% of businesses surveyed anticipate transitioning away from tourism if travel does not resume by November 2020.
- **Ghana:** The COVID-19 Emergency Preparedness and Response Project is strengthening disease surveillance to enhance detection of future outbreaks of climate-related diseases. Increased coverage of vaccination, including for climate-sensitive diseases thereby strengthens overall climate resilience.
- **Jamaica** has introduced disaster risk financing mechanisms that will protect private assets and generate opportunities for private-sector involvement in disaster risk reduction.
- **In Morocco,** IFC and the Region of Fès-Meknès ("RFM") engaged in an Advisory program alongside IFC's loan of up to US\$30 million. It aims to help RFM rebuild better and will develop the E&S capacity, raise awareness on gender and biodiversity, and develop a road maintenance strategy to ensure the longevity of IFC-financed roads assets and RFM's broader road network and cut emissions.
- **In Mozambique,** a WBG project in Beira financed a \$60 million upgrade of the city's stormwater drainage system. Since its completion, the system has effectively reduced flooding during several recent cyclones. The project also showcased nature-based solutions.
- **Niger** has introduced a reform to support the development of renewables and off-grid solar access and private investment. The Adaptive Social Safety Net Project supports 1.1 million people (51% women), in 1/3 poorest Nigerien communes, with monthly cash transfers and cash for work programs targeted on high-risk climate areas.
- **Nigeria** enforced fees imposed on gas flaring, which will boost revenues, benefit the environment, and encourage economic diversification by commercializing natural gas.
- **Paraguay** has increased the resilient management of landscapes and natural resources, including water resources, as well as to more effectively manage public investment in resilience and green growth
- **In Poland,** Bank TA fed into the launch and continuous reform of the government's air quality program (CCAP), which combines subsidies, tax relief and regulatory measures. Bank engagement in CAPP is estimated to contribute directly to increased energy efficiency, reduced greenhouse gas emissions and lower air pollution, and is expected to mobilize US\$1.5 billion of private capital and be a net creator of jobs. European Commission funding is used to prepare for a managed energy transition.
- **Rwanda and Democratic Republic of Congo (DRC):** MIGA guarantees, with support from the IDA-IFC-MIGA Private Sector Window, are contributing to the national electrification targets of Rwanda and DR. The MIGA-backed project will help the expansion of an off-grid solar power generation solutions provider in DRC and Rwanda, enabling household electrification.
- **In Tuvalu,** the WBG is supporting the government through a Resilience Development Policy Operation (\$27 million) with a Catastrophe-Deferred Drawdown Option (Cat-DDO).
- **In Uganda,** IFC Advisory has partnered with Uganda Bankers Association for training that is designed to help the organizations build the financial resilience to navigate COVID-19 pandemic.
- **Uzbekistan:** Advisory and lending support to transition state mandated cotton production with adverse environmental and social impacts, to a diversified, market driven climate smart agricultural sector.
- **Vietnam:** An IBRD project is financing the development of a Bus Rapid Transit corridor to improve the performance and efficiency of public transport in a high-priority corridor in Ho Chi Minh City.
- **Western Balkans and Ukraine:** A knowledge platform to support coal region transitions in the Western Balkans and Ukraine, launched by the WB, European Commission, EBRD, and Poland.
- **Western Macedonia, Greece:** EU-financed TA supporting the region to develop a strategic roadmap to manage coal mine closure in the region.