



WBG COVID-19 Crisis Response Operational Update

Delivering on the WBG Twin Goals in an Era of Compounding Crises

March 31, 2022

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List of Acronyms

ACT	Access to COVID-19 Tools	IDA20	IDA20 Replenishment
AVATT	Africa Vaccine Acquisition Task Team	IEG	Independent Evaluation Group
BOP	Base of the Pyramid	IFC	International Finance Corporation
CCAP	Climate Change Action Plan	PCR	Polymerase Chain Reaction
CCDR	Country Climate and Development Report	PPE	Personal Protective Equipment
CF	Common Framework	LDC	Least Developed Countries
COVAX	COVID-19 Vaccines Global Access	LICs	Low-Income Countries
COVID-19	Coronavirus Disease 2019	MDBs	Multilateral Development Banks
CPF	Country Partnership Framework	MFI	Micro-financial Institutions
CPSD	Country Private Sector Diagnostic	MICs	Middle-Income Countries
CY	Calendar Year	MIGA	Multilateral Investment Guarantee Agency
DRM	Domestic Resource Mobilization	MSMEs	Micro, Small and Medium-sized Enterprises
DSSI	Debt Service Suspension Initiative	NBFI	Non-bank Financial Institutions
ECA	Europe and Central Asia	NDCs	Nationally Determined Contributions
EMDEs	Emerging Market and Developing Economies	PCM	Private Capital Mobilization
FCS	Fragile and Conflict-affected Situations	PLR	Performance and Learning Review
FCV	Fragility, Conflict and Violence	PRA	Prevention and Resilience Allocation
FDI	Foreign Direct Investment	PSW	Private Sector Window
FTCF	Fast-Track COVID-19 Facility	RAP	Results and Performance
FY	Fiscal Year	RRA	Risk and Resilience Assessment
G20	Group of Twenty	SCD	Systematic Country Diagnostic
GDP	Gross Domestic Product	SDFP	Sustainable Development Finance Policy
GHP	Global Health Platform	SDG	Sustainable Development Goals
GPGs	Global Public Goods	SIDS	Small Island Developing States
GRID	Green, Resilient, and Inclusive Development	SME	Small and Medium-sized Enterprises
HDP	Humanitarian Development Peace	TDB	Trade and Development Bank
HIV	Human Immunodeficiency Virus	UN	United Nations
IBRD	International Bank for Reconstruction and Development	UNICEF	UN International Children's Emergency Fund
IDA	International Development Association	UNHCR	UN High Commissioner for Refugees
IDA18	IDA18 Replenishment	WB	World Bank
IDA19	IDA19 Replenishment	WBG	World Bank Group
		WFP	World Food Programme

*This unprecedented crisis has set in motion a time of upheaval. The many choices in coming years will determine whether developing countries suffer a lost decade or can usher in rapid growth and economic transformation.*¹

- David Malpass, WBG President

Executive Summary

i. **While stimulating scientific breakthroughs and new global cooperation efforts, the COVID-19 pandemic continues to exact a severe human toll amplified by compounding crises.** Progress in reducing global poverty is projected to be set back 3-4 years (and by 8-9 years in LICs) due to the pandemic, with 97 million more people in poverty in 2021 owing to COVID-19. Climate change and conflict, which were slowing progress in poverty reduction prior to the pandemic, have exacerbated the impacts of COVID-19 – hitting the poor and vulnerable hardest. The end of the COVID-19 pandemic remains elusive, and economic and social outcomes in 2020 and 2021 across and within countries show stark divergences rooted in varying capacities to manage and adapt to increasingly intense shocks. On the economic front, advanced economies are regaining momentum towards pre-crisis growth levels, though at a decelerating pace. Yet for many emerging markets and developing economies (EMDEs), a host of factors are hampering a robust rebound – including climate impacts, human capital losses, mounting debt and inflation, growing food insecurity, and heightened instability. And as the world shifts away from a benign interest rate environment, the likelihood of financial distress in developing countries will also increase. Political crises and social unrest have increased since the start of the COVID-19 pandemic,² while violence ranging from conflict in the Horn of Africa to the war in Ukraine have provoked large-scale displacement, migration and refugee flows. Although the magnitude of the cross-border impacts of the war in Ukraine is difficult to fully anticipate, they will extend far beyond Ukraine itself – including potential supply chain disruptions, commodity price impacts that are likely to affect households, especially the poor, and wider spillover effects.

ii. **Reaching clients across the income spectrum with unprecedented speed and scale, WBG COVID-19 crisis response targets urgent crisis needs while maintaining focus on long-term goals.** In the context of WBG comparative advantages and customized country engagement, WBG COVID-19 crisis response continues to encompass the pillars of health, social, and economic responses, along with policies, institutions and investments for rebuilding better. At the forefront of the multilateral crisis response, the WBG delivered an unprecedented \$204 billion in financial support to public and private sector clients in the first two calendar years of the crisis (CY20-21), of which \$135 billion from IBRD/IDA, \$60 billion from IFC and \$9 billion from MIGA. The World Bank (IBRD/IDA) accounted for almost half of the roughly \$279 billion delivered by seven major MDBs in CY20-21. World Bank commitments represented a surge of nearly \$50 billion compared to the two years before the crisis including a 53 percent increase in education financing, 86 percent increase in health, and 135 percent increase in social protection. To scale-up climate action, the WBG funded \$26 billion in climate investments in 2021, and by 2023, World Bank financing will be aligned with the goals of the Paris Agreement. Among key lessons learned is the importance of boosting preparedness and resilience, including through stronger institutions and adaptive systems. Early results show reach of the WBG's COVID-19 response, including one billion people supported through social protection.

iii. **Delivering on the WBG Twin Goals in an era of COVID-19, climate change, conflict and other compounding crises demands *adaptation, scale and comprehensive approaches backed by strong global cooperation.*** In context of constrained fiscal space and escalating demands, policymakers are facing increasingly difficult tradeoffs. The compounding crises have also deepened the urgency of helping policymakers in developing countries to adapt, manage uncertainty and enhance crisis preparedness and resilience. Comprehensive approaches to fostering green, resilient and inclusive development (GRID) are vital.³ The COVID-19 pandemic has also starkly illustrated the pivotal role of international cooperation in addressing risks to the global commons. Enhanced efforts to adapt and scale up the international

¹ *Development in a Time of Upheaval*, David Malpass. September 30, 2021.

² UNDP Global Policy Network Brief, *Understanding the Impact and Implications of COVID-19 in Fragile and Conflict-affected Countries*, March 2021.

³ *From COVID-19 Crisis Response to Resilient Recovery: Saving Lives and Livelihoods while Supporting Green, Resilient and Inclusive Development (GRID)*, World Bank, 2021.

community's engagement around Global Public Goods (GPGs) are increasingly pressing, including for durable post-pandemic recovery and to address the climate crisis along with drivers of fragility, conflict and violence (FCV). The experience to date also underscores the need for sustained financial support from the international community for crisis response as well as enhanced coordination, transparency and accountability at the global, regional and local levels. For the WBG, the historic surge in client financing and support over the past two years demonstrates strong response capacity and need for continued prioritization, selectivity and ensuring WBG financing capacity for sustained crisis support across clients.

iv. **With less than a decade left to realize the WBG Twin Goals, customized WBG support is helping developing countries reverse pandemic-induced losses, boost resilience and regain momentum on national development goals – including actions needed for delivery of GPGs.** Working closely with international partners, including the IMF, the WBG will provide comprehensive and customized engagement across the client spectrum, including low-income countries (LICs); middle-income countries (MICs); fragile and conflict-affected states (FCSs) and Small Island Developing States (SIDS). In confronting the ongoing impacts of the COVID-19 pandemic and compounding crises including conflict and climate change, priorities for the path ahead focus on accelerating vaccination and climate action as well as addressing fragility within the wider GRID approach – supporting human development, jobs and economic transformation (JET), debt sustainability, institutional and community development, and infrastructure among others. Strong coordination across the Bank, IFC, and MIGA in line with the Cascade and One WBG Approach will remain integral to maximizing the impact of WBG support, drawing on the 2021 Roadmap on Outcome Orientation and lessons learned. The historic IDA20 replenishment, together with the WBG Climate Change Action Plan 2021-2025 and the WBG FCV Strategy will continue to frame intensified WBG engagement over the medium term.

Introduction

1. **COVID-19 has highlighted deep global inequities while worsening the outlook for the poor and vulnerable in the context of compounding crises – calling for increasingly robust global cooperation that builds on the historic pandemic response.** Scientific breakthroughs and large-scale logistics efforts drove the historic development and global rollout of lifesaving COVID-19 vaccines, with nearly 11 billion COVID-19 vaccine doses administered globally by March 2022. Yet outcomes show stark contrasts: while over 72 percent of people living in high-income countries were fully vaccinated, low-income countries had managed to fully vaccinate less than 6 percent of their population by early 2022. The end of the COVID-19 pandemic remains elusive, and divergent outcomes and recovery paths across and within countries continue to define the pandemic’s impacts. Climate change and conflict were slowing progress in poverty reduction prior to the COVID-19 outbreak, and both have exacerbated the impacts of the pandemic – hitting the poor and vulnerable hardest. While advanced economies are regaining momentum towards pre-crisis growth levels, though at a decelerating pace, a host of factors are hampering a robust rebound among emerging market and developing economies (EMDEs) – including climate impacts, human capital losses, mounting debt and inflation, growing food insecurity, and heightened instability. Political crises and social unrest have increased significantly since the start of the COVID-19 pandemic, with wide ripple effects. While the magnitude of the cross-border impacts of the war in Ukraine are difficult to fully anticipate, they will be vast – reaching far beyond Ukraine itself – including impacts on global supply chains and prices for energy and wheat that are likely to ultimately hit households, especially the poor.

2. **Delivering on the WBG Twin Goals in an era of COVID-19, climate change, conflict and other compounding crises demands adaptation, scale and comprehensive approaches backed by strong global cooperation.** Integrating global knowledge, analytical work and technical assistance, the WBG is implementing customized engagements across countries to support Green, Resilient and Inclusive Development (GRID)⁴ that can foster durable recovery consistent with Global Public Goods (GPGs) on poverty reduction, enhanced crisis preparedness and the transition to a low-carbon future. In the context of continued WBG surge financing, WBG engagement is anchored in deepening partnerships around financing, knowledge and capacity building including in collaboration with the IMF on debt and debt transparency. The WBG Forward Look; the WBG Strategy for Fragility, Conflict and Violence (2020-2025); the recently launched Climate Change Action Plan 2021-2025 (CCAP), and the record IDA20 Replenishment underpin WBG crisis response and client support. This note provides an update on the WBG’s COVID-19 Crisis Response,⁵ outlined in June 2020 to help developing countries address the impacts of the pandemic while maintaining a line of sight to long-term development goals. It comprises five short sections: (I) the impacts of COVID-19 and compounding crises on developing countries, (II) an update on the WBG’s operational crisis response and priorities moving forward, (III) the critical role of international coordination, (IV) WBG financing framework for GRID, and (V) concluding remarks.

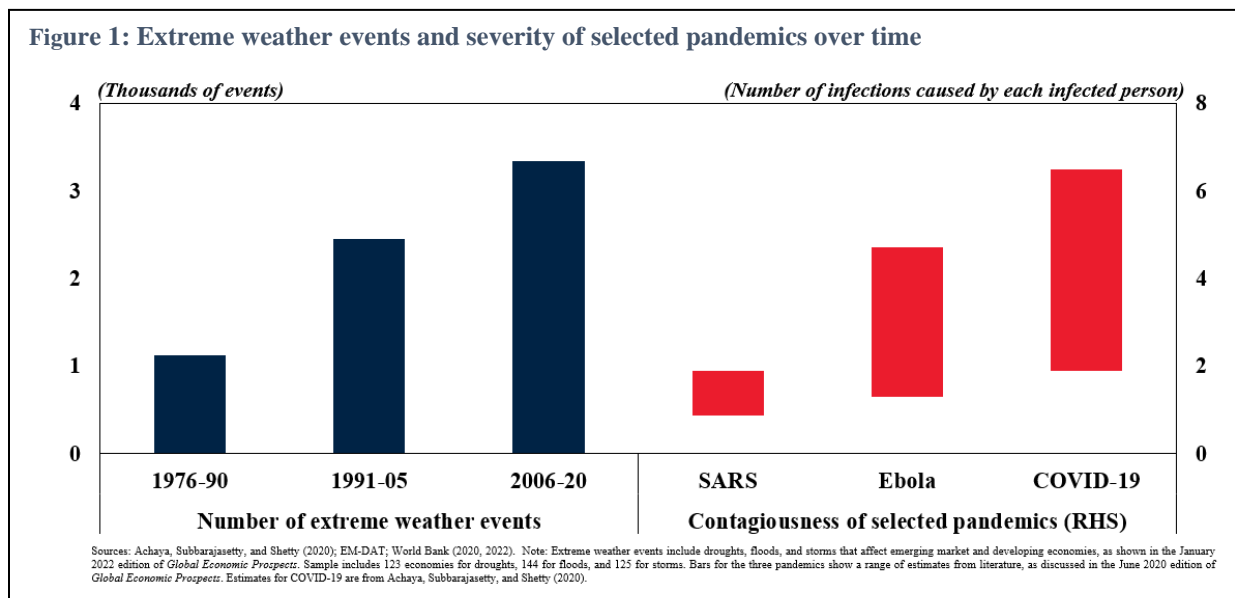
I. Impacts of COVID-19 and Compounding Crises

3. **The world is experiencing increasingly severe shocks over time – including more frequent weather-related events and more infectious pandemics – with compounding economic and social impacts** (Figure 1). The convergence and compounding impacts of these shocks represent an increasingly adverse context for delivering the WBG goals, creating potentially permanent scars on productivity, human capital and economic mobility in many developing countries. The impacts are also unequally distributed, concentrating in poorer countries and regions lacking the resilience to adapt and protect people, communities and economies. For example, the WFP has spotlighted the global hunger challenge, which reached an unprecedented level by the start of 2022, as climate and conflict shocks compounded by COVID-19 and rising food prices edged millions of people towards starvation. Some 388 million people across 42 countries experienced acute food insecurity in 2021 – up 5.5 percent since 2020, with nearly 80 percent in FCV-

⁴ From *COVID-19 Crisis Response to Resilient Recovery: Saving Lives and Livelihoods while Supporting Green, Resilient and Inclusive Development (GRID)*, World Bank Group, Washington, DC, 2021.

⁵ *Saving Lives, Scaling up Impact, and Getting Back on Track. WBG COVID-19 Crisis Response Approach Paper*, June 2020.

affected countries.⁶ Climate change (including impacts on agriculture) and natural resource degradation compound the economic and social impacts of the pandemic, with disproportionate impacts on the poor; equally, reduced biodiversity loss is critical for avoiding future pandemics, as nearly three-quarters of emerging infectious diseases in humans come from other animals.⁷ The 2022 IPCC 6th Assessment Report on Adaptation and Vulnerability notes that increasing weather and climate extreme events have exposed millions of people to acute food insecurity and reduced water security, with the largest impacts observed in many regions in Africa, Asia, Central and South America, Small Islands and the Arctic. Impacted by these cascading challenges, decades of development gains are under threat, especially for women and girls, and progress on the Sustainable Development Goals (SDGs) has slowed and even reversed in certain areas.



4. **The recovery from the global recession caused by COVID-19 – the deepest since World War II – has been highly uneven, leaving behind some of the poorest countries.**⁸ While the recovery has been exceptionally strong, global growth is now expected to slow sharply from 5.5 percent in 2021 to 4.1 percent in 2022 and 3.2 percent in 2023. Advanced economies and upper-middle-income countries account for much of the robust global economic rebound in 2021, while poorer emerging and developing economies are falling farther behind on many fronts with IDA countries, particularly FCSs and SIDS, especially vulnerable. Almost two-fifths of emerging and developing economies (EMDEs) are not expected to have regained their pre-pandemic level of real per capita income in 2023, whereas all advanced economies are forecast to do so. By 2023, average output in EMDEs will still be 4 percent below pre-pandemic trends. The lagging recovery in EMDEs reflects smaller policy stimulus, larger informal sectors, lesser ability to harness digital technologies, and slower progress in vaccination. The recovery is so uneven that it ends a multi-decade trend of per capita income convergence. Projected per capita income growth in the average EMDE will lag 0.5 percentage point per year behind advanced economies (although with wide heterogeneity) and, in the average low-income country (LIC), by 1.6 percentage point. This signals several years of per capita income *divergence* — in contrast to the recovery from the 2009 financial crisis and the pre-pandemic decade.

5. **COVID-19 has upended progress in reducing global poverty and inequality, worsened by the compounding crises of climate change and conflict.** (Figure 2, 3). Progress in reducing global poverty is projected to be set back 3-4 years (and by 8-9 years in LICs) as the result of the pandemic. In 2021, 97 million more people were in poverty because of the pandemic. Moreover, the impoverishing convergence of COVID-19, climate impacts and conflict has been evident since the onset of the pandemic; climate change and conflict were slowing progress in poverty reduction and exacerbating inequality prior to the pandemic.

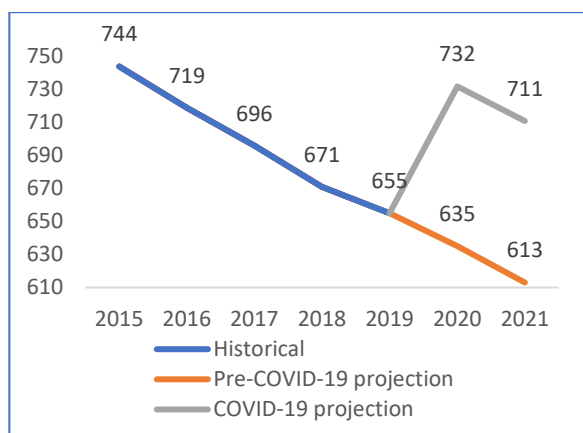
⁶ Global Report on Food Crises (Sep 2021) produced by the Global Network Against Food Crises.

⁷ Biodiversity and the Economic Response to COVID-19: Ensuring a Green and Resilient Recovery (OECD, 2020).

⁸ This section draws on *Global Economic Prospects*, January 2021 and January 2022, World Bank.

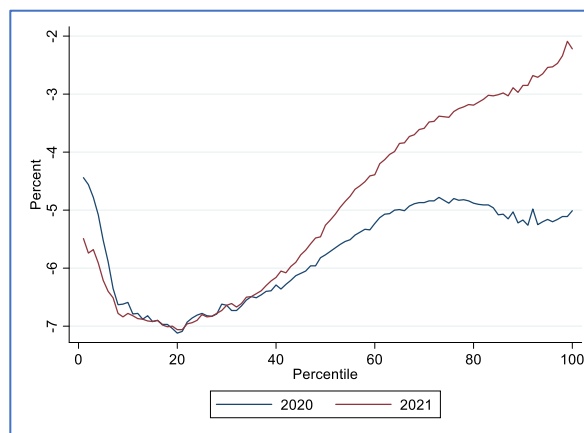
and both have continued to exacerbate the impacts of COVID-19.⁹ In LICs and in Sub-Saharan Africa, the poverty headcount is estimated to have increased.¹⁰ IDA countries accounted for 30 percent of the COVID-19 induced poor in 2020, with their share increasing to 42 percent in 2021. In the Europe and Central Asia (ECA) region, COVID-19 is likely to have pushed an additional 4.3 million people into poverty (less than \$5.50 a day) by the end of 2021. The war in Ukraine will worsen poverty outcomes in ECA, a product of heavy losses, wide-scale internal displacement, migration and the historic refugee flows. According to the United Nations Refugee Agency, some 3 million refugees from Ukraine had crossed into neighboring countries by mid-March 2022. This exacerbates earlier trends: more than one percent of the world’s population – or 1 in 95 people – was forcibly displaced in June 2021 compared to 1 in 159 in 2010. Some 84 million people were forcibly displaced in mid-2021, the vast majority hosted in developing countries.¹¹

Figure 2. Number of \$1.90 poor (millions)



Source: Lakner et al (2020) (updated), PovcalNet, GEP.

Figure 3. Percentage change in welfare due to COVID-19 (by global percentile)



Note: This figure reports the global welfare losses for each percentile in 2020-21 due to the pandemic. The loss is calculated as the percent difference between pandemic-affected welfare and counterfactual welfare without COVID-19. Source: Narayan et al. (2022).

6. **Globally, those with per-capita incomes between \$1.90/day and \$5.50/day were hit hardest in 2020, with women, youth, low-skilled workers, and informal workers the most likely to report work stoppages or income losses.** High-frequency phone data reveal that women were eight percentage points more likely than men to stop working during the first months of the pandemic (April-June 2020), while workers without tertiary education were 10 percentage points more likely to stop working and five percentage points more likely to lose income than workers with tertiary education. According to the International Labour Organization (ILO), global youth employment fell nearly 9 percent in 2020; country-level data in MICs showed particularly heavy impacts on young women. Vulnerable groups have also tended to recover more slowly compared to their counterparts or did not recover fast enough to significantly reverse initial disparities in losses.¹² The rate of informality for workers with disabilities is 11 percent higher than the average, often leaving them with minimal or no protection during COVID-19 lockdowns.¹³ Because lower-income population groups were worse affected by the pandemic crisis, within-country income inequality has also risen in EMDEs. In a sample of 34 EMDEs, within-country income inequality rose in 2020 by as much as the average annual decline during the pre-pandemic decade. Without prompt policy action, the increase in inequality is likely to last and might deepen because the pandemic disproportionately hurt learning for lower-income households.

⁹ Reversals of Fortune: Poverty and Shared Prosperity Report. (World Bank: Washington, DC. 2020)

¹⁰ <https://blogs.worldbank.org/opendata/updated-estimates-impact-covid-19-global-poverty-turning-corner-pandemic-2021>

¹¹ *Forced Displacement at Record Level, Despite COVID Shutdowns* (<https://news.un.org/en/story/2021/06/1094292>); and UNHCR Refugee Data Finder, November 2021.

¹² *COVID-19 and Economic Inequality: Short-Term Impacts with Long-Term Consequences*, WPS 9902, World Bank.

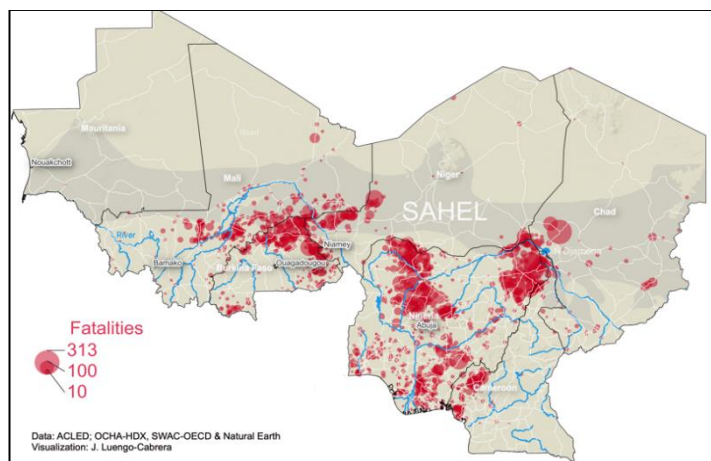
¹³ *Disability Inclusion in Latin America and the Caribbean: A Path to Sustainable Development*. World Bank, 2021.

7. **Triggering a vast increase in learning poverty, the pandemic induced a global disruption in education that can lead to severe human capital losses with potential to amplify the inequality impacts of the pandemic over the medium term.** Developing countries have been affected by longer periods of school closures, on average, and their capacity to deploy effective mitigation measures has been more constrained. As the result, the share of children in learning poverty (i.e. being unable to read and understand a simple text by age 10) is estimated to have risen sharply in EMDEs from 53 percent prior to the pandemic to 70 percent in 2021 under a pessimistic scenario; while an estimated 10 million more girls are at risk of early marriage over the next decade.¹⁴ Within countries, children in rural areas and from households with lower levels of education were significantly less likely to continue learning during school closures, widening the pre-existing learning gap with urban children and children from better-off households and having a detrimental impact on inter-generational mobility. The effects of such learning losses are often perpetuated across generations.

8. **FCV volatility across the world has been impacted by the COVID-19 pandemic, compounded by other shocks including food insecurity and climate/natural disasters.**

Geopolitical tensions and internal conflicts are increasing across regions, both in LICs and in MICs. At the country level, political crises and social unrest have increased significantly since the start of the COVID pandemic, with most events recorded in middle and higher-income countries. In 2022, some 23 countries – with a combined population of 850 million people – currently face high- or medium-intensity conflict by WBG estimates. Coup events, which had been on the decline over the longer term, have experienced a notable recent uptick. Africa experienced four coups and several attempts in 2021 alone. There is also significant regional variation in FCV fatality trends. Sub-Saharan Africa has had an upward trend, driven by conflicts and violence in Mali, Nigeria, Somalia, South Sudan, and Ethiopia (Figure 4). The MENA region has seen a marked increase in conflict over the past decade, with the resultant destruction of lives, livelihoods, property, and social cohesion and a significant increase in extreme poverty; spillover impacts are also significant, such as the impact of the conflict in Syria on neighboring countries in the Mashreq region.¹⁵ The war in Ukraine is provoking the largest refugee flows in Europe since World War II. Cross-border impacts of the war will extend far beyond the ECA region – including impacts on global supply chains and food prices (Box 5, below). Impacts on the price of wheat, for example, will likely affect trade balances and ultimately hit households, especially the poor due to the high share of food in household purchases. Regions like MENA, which is heavily dependent on wheat, grain and fertilizer imports, may see disproportionate impacts, as existing inflation and food insecurity are aggravated. These developments across regions reveal the growing urgency and importance of adapting and scaling up the international community’s engagement— including the WBG – on FCV, particularly in politically volatile contexts.

Figure 4. Global FCV fatalities increased in 2021 with a strong spatial dimension



Sub-Saharan Africa has had an upward trend, driven by conflicts and violence in Mali, Nigeria, Somalia, South Sudan, and Ethiopia (Figure 4). The MENA region has seen a marked increase in conflict over the past decade, with the resultant destruction of lives, livelihoods, property, and social cohesion and a significant increase in extreme poverty; spillover impacts are also significant, such as the impact of the conflict in Syria on neighboring countries in the Mashreq region.¹⁵ The war in Ukraine is provoking the largest refugee flows in Europe since World War II. Cross-border impacts of the war will extend far beyond the ECA region – including impacts on global supply chains and food prices (Box 5, below). Impacts on the price of wheat, for example, will likely affect trade balances and ultimately hit households, especially the poor due to the high share of food in household purchases. Regions like MENA, which is heavily dependent on wheat, grain and fertilizer imports, may see disproportionate impacts, as existing inflation and food insecurity are aggravated. These developments across regions reveal the growing urgency and importance of adapting and scaling up the international community’s engagement— including the WBG – on FCV, particularly in politically volatile contexts.

9. **The private sector recovery is facing severe constraints in many EMDEs (Box 1).** The potential for a longer-term return to per capita income divergence among poorer and richer countries is increasing, posing significant risks to ability to achieve global development goals. All fundamental drivers of growth in EMDEs have been slowing over the past decade and this trend is expected to continue. The decade following the 2009 financial crisis was characterized by growing structural weaknesses that have been aggravated by COVID-19: a slowdown in investment, productivity, employment and growth; slower progress on poverty reduction; and rising debt levels and limited fiscal buffers constraining the ability to respond to shocks. The

¹⁴ *The State of the Global Education Crisis: A Path to Recovery*, World Bank, UNESCO and UNICEF, 2021.

¹⁵ *The Fallout of War: The Regional Consequences of the Conflict in Syria*, World Bank, 2020.

Box 1. Factors Constraining Private Sector Recovery in EMDEs

Two years since the onset of the pandemic, evidence points out that firms in EMDEs remain financially and operationally vulnerable, holding back investment, or have high chances of falling into arrears. Small and micro firms have been most disproportionately affected. Women have been particularly harder hit than men with higher job losses. Factors impacting the trajectory for private sector recovery include:

- **Rising inflation.** Global inflation has surged both in advanced and developing economies, with acute pressure as a result of the war in Ukraine, prompting monetary tightening, higher global rates, further dampening capital flows to EMDEs, and prompting currency depreciation.
- **Heightened geopolitical tensions and conflicts.** The private sector, a key engine of economic growth, is particularly vulnerable to sudden shocks and persistent volatility, as the fragility has increased across the globe. Investor perception of EMDE risks is also worsening due to the rise in conflicts.
- **High debt levels.** Additional fiscal support and public investments will be limited as public debt in EMDEs is reaching record levels (63% of GDP). Private sector debt is also elevated, with nearly \$60 trillion of corporate and household debt. High debt levels, combined with subdued recovery and rising financing costs may lead to banking sector stress, corporate defaults and capital flight.
- **Supply shortages and supply chain disruptions.** Stresses on global logistics systems remain at a historic high, 10 times above pre-pandemic levels and 3 times higher than in November 2020.

pandemic has also exposed structural inequalities on a wide range of fronts, including access to health services, information, and the ability of households and firms to withstand economic shocks. According to the Private Participation in Infrastructure database which tracks financial closing of infrastructure projects in EMDEs, PPI in 2020 declined significantly in comparison to previous years – the lowest levels since 2004. Global private participation in infrastructure (PPI) in 2020 was at \$45 billion in 252 projects – a 52 percent drop from 2019. While PPI investment in the first half of 2021 is still at historically low levels, there are some signs of recovery: the first half year figures show PPI at \$35.6 billion across 133 projects, up 68 percent over the first half of 2020.

10. **The pandemic has triggered a surge in debt levels across governments, firms and households.** In 2020, the global debt to GDP ratio increased by 28 percentage points to 256 percent of GDP. This accelerated a broad-based trend of debt accumulation over the preceding decade. The number of countries with unsustainable debt levels is likely to increase, as high debt vulnerabilities converse with a weak economic outlook, rising inflation and the likely tightening in financing conditions. By bringing together Paris Club and non-Paris Club official bilateral creditors, the G20 Common Framework (CF) represents a breakthrough. But progress in implementing the CF has been slow and improvements are needed for the CF to deliver effectively. In coordination with the IMF, the WBG is actively engaging with clients to address mounting debt. In the forthcoming Development Committee joint paper, the IMF and WBG identified four priorities for strengthening CF implementation: (i) quicker and more efficient processes through clear and time-bound steps in the implementation of the CF; (ii) the introduction of a debt service standstill to immediately address the liquidity needs of countries requesting treatment, with no penalty interest; (iii) greater clarity on how official bilateral creditors will enforce and evaluate the comparability of treatment to private creditors; and (iv) the expansion of coordinated debt treatments to non-DSSI eligible countries with debt vulnerabilities. For IDA countries, the Sustainable Development Finance Policy (SDFP) introduced under IDA19 continues to help the poorest countries to mitigate debt vulnerabilities and boost debt transparency in support of GRID – promoting critical reforms to boost debt management, fiscal sustainability and debt transparency.

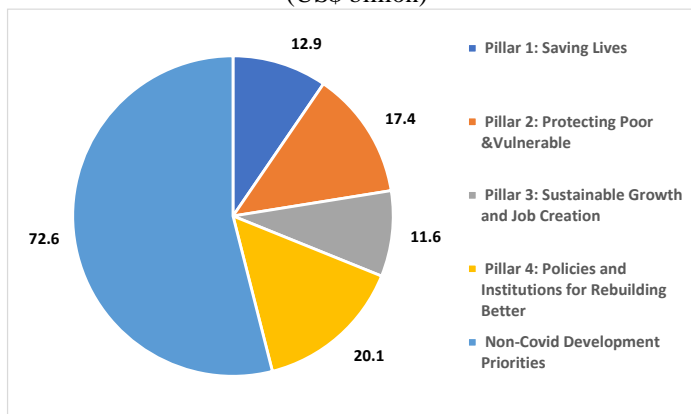
II. WBG Operational Crisis Response

Scaled-up WBG Financing

11. **The WBG delivered an unprecedented \$204 billion in financial support to public and private sector clients in the first two years of the COVID-19 crisis (CY20-21), of which \$135 billion from IBRD/IDA, \$60 billion from IFC¹⁶ and \$9 billion from MIGA.** In CY20, backed by robust analytical and advisory services, the World Bank delivered a record \$71 billion in commitments (IBRD \$32.3 billion/IDA \$38.2 billion)¹⁷, of which \$32.1 billion (IBRD \$18.5 billion/IDA \$13.6 billion) was directly for the COVID-19 crisis response across the four pillars. This

was followed by \$64.1 billion in CY21 (IBRD \$30.2 billion/IDA \$33.9 billion), of which \$29.9 billion (IBRD \$14.4 billion/IDA \$15.5 billion) was directly for the COVID-19 crisis response (Figure 5). At the forefront of climate investment in developing countries, total WBG climate financing accounted for 56 percent of MDB climate finance and two-thirds of MDB adaptation finance for developing countries in 2020. On a fiscal year basis, IBRD/IDA climate financing (co-benefits) totaled a record \$38 billion over FY20-21. With its extensive country presence, global footprint, strong balance sheets and track record, the WBG through IFC and MIGA is also the largest private capital mobilizer amongst MDBs.

Figure 8. IBRD/IDA Crisis COVID-19 Response Lending CY20-21 (US\$ billion)



Source: World Bank.

12. **As COVID-19 spread, IFC proactively deployed countercyclical support.** In March 2020, IFC launched the \$8 billion Fast-Track COVID-19 Facility (FTCF), a rapid response facility designed to meet the immediate trade and liquidity needs of existing IFC real sector and banking clients. As of December 2021, \$6.2 billion had been committed under the FTCF (74 percent of the approved Facility funds), including \$123 million under the Base of the Pyramid (BOP) program which supports financial service providers reaching the hardest-hit segments, specifically MSMEs and women-owned businesses. The BOP program focuses on existing and new IFC clients in good standing: micro-financial institutions (MFIs), non-bank financial institutions (NBFIs), and MSME-focused banks with sound fundamentals, supported with blended finance from the IDA PSW for risk mitigation where needed. Outside of the FTCF, IFC has committed \$11.1 billion in other direct COVID-related financing, including \$1.3 billion under the Global Health Platform (GHP), IFC's multi-billion facility that is designed to improve vaccine access and strengthen long term healthcare resilience by improving local manufacturing capacity. Notable investments include Aspen Pharmacare in South Africa and Fosun Pharma in China, supporting the manufacturing and distribution of COVID-19 vaccines and other related medical products, e.g., COVID-19 testing kits. The FTFC has generated significant efficiencies in project processing and documentation that will be leveraged to design other targeted interventions and to bring efficiencies to mainstream business.

13. **MIGA's issuances reached \$9.25 billion in the two-year period from 2020-21, including \$5.6 billion in projects to mitigate the impact of the pandemic crisis under its COVID-19 Response Fast-track Facility.** MIGA's COVID-19 Response Program has been oriented towards supporting private sector

¹⁶ Including mobilizations from other financiers.

¹⁷ During FY11-FY19, IBRD lending averaged \$22.6 billion. In the past two FYs, IBRD lending has rapidly increased to respond to the COVID-19 crisis and reached \$30.5 billion in FY21. This figure represented the highest level of lending since FY10, when IBRD commitments had reached \$44 billion in the wake of the global financial crisis.

investors and lenders in EMDEs and was structured around three pillars: Pillar 1 - Procurement of urgent COVID-19 medical supplies and services, Pillar 2 - Countering adverse economic impacts during the crisis, and Pillar 3 - Complementing IFC Trade Finance to extend cover for local State-owned banks in low income and fragile countries. Examples include the \$346 million guarantee for the Eastern and Southern African Trade and Development Bank (TDB), benefiting IDA countries and FCSs among others, of which \$55 million was used for COVID-19 trade financing activities including equipment, supplies and construction materials for healthcare facilities. Moreover, nearly a quarter of MIGA's issuances in 2020-21, some \$2.4 billion (26 percent), went to IDA countries.

14. **IBRD/IDA commitments represent 48 percent of total financing for seven major MDBs over CY20-21 estimated at \$279 billion.** WB commitments during the past two years (CY20-21), an average of \$68 billion, represent a 60 percent increase over the previous four-year average of \$42 billion during CY16-19, as the impact of the COVID-19 crisis continues across the world, especially in LICs. Compared to the two-year period before the crisis, WB commitments in education increased by 53 percent, health by 86 percent, and social protection by 135 percent. Of total IDA commitments of \$72 billion in CY20-21, \$23 billion were in grants to poor countries at moderate or high risk of debt distress, \$28.5 billion went to FCSs and \$1.9 billion to Small States.¹⁸ Indeed, IDA's commitments to FCSs has tripled over the past five years. The surge in lending is boosting the reach of support at the country and regional levels: the scale-up of social protection projects in West Africa, for example, covers 19 countries and is reaching roughly 50 million people (10 percent of the countries' total population). By the first two quarters of CY2021, IBRD/IDA trust funds had contributed, in whole or in part, \$1.14 billion to 248 World Bank operations helping countries respond directly to the COVID-19 crisis.

Customized Client Engagement

15. **In the wake of the COVID-19 pandemic's wide impacts – and in view of compounding crises – WBG client engagement increasingly reflects the comprehensive focus of GRID, consistent with specific country circumstances and priorities.** Following a deferral period in the immediate aftermath of the pandemic onset, preparation of Country Engagement products resumed in July 2021, with strong focus on operationalization of the GRID approach. As of December 2021, the WBG delivered a total of eight Country Partnership Frameworks (CPFs) and Performance and Learning Reports (PLRs), with an additional two PLRs and two CPFs approved by February 2022. While resilience, inclusion and climate change policies and investments have long been supported by the WBG, GRID emphasizes a comprehensive approach that seeks to systematically address the interrelations. For example, the Ghana CPF FY22-26 will support a recovery pathway based on GRID principles, structured around three interlocking principles: (i) enhancing conditions for private sector development and quality job creation; (ii) improving inclusive service delivery; and (iii) promoting resilient and sustainable development. Exploiting the opportunities of digital transformation will be a cross-cutting theme. Similarly, the Nepal PLR introduced a strategic pivot to GRID to support the country's long-term development trajectory. In line with Nepal's increased climate change commitments and as part of the shift towards a more proactive approach to managing risk and development, the WBG is aligning its program with the Government of Nepal's strategic GRID Action Plan. The proposed programmatic Nepal Green, Resilient and Inclusive DPF aims to support Nepal in implementing its GRID agenda. At the regional level, the WBG *Roadmap for Climate Action in the MENA region (2021-2025)* aims to drive climate action and green recovery – integrating cross-cutting issues, including social and spatial inclusion; citizen engagement; private sector mobilization; FCV; and regional integration.

16. **All country engagement products are jointly developed by the World Bank, IFC and MIGA.** In addition, IFC has developed Country Strategies which identify binding constraints limiting private sector investment and sector development at the country level to guide the development of Upstream, Advisory and Investment operations. IFC has completed 59 Country Strategies. Country Private Sector Diagnostic (CPSD) reports are joint IFC, MIGA and World Bank products that analyze cross-cutting and sectoral opportunities and challenges for greater private sector contributions to key development challenges. CPSD

¹⁸ IDA commitments exclude PSW. FCS commitments are based on the FCS country lists corresponding to CY20-21.

analysis has become an important input into SCDs, CPFs, and more recently, CCDRs. CPSD recommendations have also supported the development of prior actions in development policy financing. Recent CPSDs have explicitly considered the impact of COVID-19 on the private sector, including effects on MSMEs, potential bearing on the competition landscape, as well as the impetus towards greater digitalization.¹⁹ CPSDs are also increasingly focusing on climate change and sustainability as core themes in both cross-cutting and sectoral dimensions; they are being carried out in over 15 FCV-affected countries.

17. Emerging results from the crisis response indicate wide reach.

Box 2 summarizes selected results to date under a range of crisis response operations across a diverse set of countries in different regions while Box 3 presents key results tracking data for the WBG crisis response. The December 2021 WBG Results and Performance (RAP) report found that project-level performance ratings improved across the World Bank, IFC, and MIGA in FY20, with World Bank project outcome ratings reaching a historic high of 88 percent of projects rated moderately satisfactory or above — driven by improvements across the board for all Practice Groups and Regions.²⁰ IEG findings suggest that top enablers of quality at entry include strong client relationships; well-timed analytical work as a foundation for project design; and adequate internal policies, guidance, and systems²¹. Challenges to quality at entry include difficult operating environments (particularly in fragile situations), weakly specified results frameworks, and low implementation readiness.

<p>Box 2. Selected COVID-19 Results Data (as of February 2022)</p> <ul style="list-style-type: none"> • Number of people who received a COVID test: 89,442,408 • Number of designated laboratories with COVID-19 diagnostic equipment, test kits, and reagents: 1,398 • Number of health staff trained in infection prevention and control per approved protocols: 78,251 • Beneficiaries covered by social safety net programs of COVID-19 operations, including adaptive social protection systems: 966,809,750
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18. Lessons learned continue to inform the WBG’s COVID-19 crisis response and client support to restore progress on the Twin Goals. Key lessons include the following:

- ***Institutional strengthening is a foundation for bolstering crisis preparedness and resilience.*** The WBG COVID-19 crisis response to date has underscored the urgency of helping policymakers in developing countries to adapt, manage uncertainty and enhance crisis preparedness and resilience. Strengthening national systems and institutions to respond to crises is essential.²² Across countries, the COVID-19 pandemic highlighted the critical role of public sector institutions, including in determining the extent of the crisis (data collection, aggregation and analysis); defining appropriate crisis response; and fostering coordination to implement policy. *Ex ante* measures for preparedness include adaptive social protection systems, which have proven instrumental to reaching the poor and vulnerable over the past two years. Cash transfers and employment assistance to the poorest communities, both in urban and rural areas, have been integral to Pillar 2 of the WBG COVID-19 crisis response, including technological innovations to facilitate rapid scale-up, adapted to assist households with a variety of shocks and use of mobile money payments in countries as diverse as Egypt, Liberia and Malawi. In addition, the crisis has revealed that public finance, public procurement and tax administrations need to be “disaster-ready” to respond in crises effectively.

¹⁹ See 2022 Development Committee paper: *Digitalization and Development*.

²⁰ *Results and Performance of the World Bank Group 2021*, IEG, 2021.

²¹ *Results and Performance of the World Bank Group 2018*, IEG, 2019.

²² *Prevention, Preparedness and Response: The World Bank Group’s Role in Future Crises*, World Bank, 2021.

Box 3. Snapshots and Emerging Results from Selected Crisis Response Operations

Sri Lanka COVID-19 Emergency Response and Health Systems Preparedness Project provided essential medical supplies, established isolation and treatment facilities, increased testing and diagnostic capacity, and strengthened the infection control and surveillance systems. Results to date include: (i) procurement of 1 million rapid antigen test kits, 390,000 PCR test kits, and 1.1 million sets of PPE for hospitals; (ii) refurbishing of 70 intermediate care centers with isolation facilities to handle COVID patients; and (iii) a one-time cash transfer for 1.3 million beneficiaries who lost their livelihoods.

Rwanda Human Capital for Inclusive Growth DPF addresses obstacles to human capital development by improving financing and enhancing families' access to health, nutrition, education, and social safety net services. As of October 2021, the program responded to the COVID-19 pandemic by supporting over 110,000 households with emergency cash support to help tide over losses of income during the pandemic, of which more than 50% were women.

The *Solomon Islands Community Access and Urban Services Enhancement (CAUSE) Project* has improved basic infrastructure and services for the vulnerable urban population, prioritizing skills training, short-term job opportunities, and income generation to develop self-sustaining communities. Since 2020, the project has supported COVID-19 activities for vulnerable groups to strengthen their resilience and mitigate potential fragility and social unrest by scaling up training and cash transfers and supporting the development of a COVID-19 Preparedness and Response Plan that is updated regularly.

Bogotá, Distrito Capital MIGA COVID Response Project: The MIGA-guaranteed loan facility is financing Bogotá's COVID-19 emergency response capacity and investments to improve the quality of healthcare infrastructure and services in Bogotá, primarily by upgrading, equipping, and expanding existing healthcare facilities. Project components include investments to improve or expand around 40 public hospitals, labs, and clinic; the purchase of new ambulances, investments in Bogotá's Medical Emergency System; the purchase of COVID-19 test kits and laboratory equipment; and the procurement of personal protective equipment as well as other equipment to mitigate the spread and impact of COVID-19.

- ***Experience also underscores the importance of leveraging digital solutions, with due regard for data protection considerations.*** Lessons also highlight the importance of high-quality disaggregated data to understand the situations of vulnerable groups, including the persons with disabilities. The crisis response served as a catalyst to help modernize and adapt to home-based and online service delivery in some cases, demonstrating how technology can improve State effectiveness. As reflected in the forthcoming Development Committee paper, creating a vibrant, inclusive, and safe digital economy requires addressing this digital divide and building solid policy foundations in four critical areas, including digital infrastructure; digital platforms; digital enablers; and digital safeguards.
- ***COVID-19 crisis response in FCSs holds lessons and underscores the urgency of adaptive support.*** WBG support to FCSs has been extensive. For example, the global Multiphase Programmatic Approach (MPA), with a simple design adaptable to country needs, reached 23 FCSs, including Afghanistan, Burundi, DRC, Haiti, Kiribati, Kosovo, Solomon Islands, Yemen, and the West Bank and Gaza among others. The experience gained from the WBG COVID-19 response in undertaking rapid portfolio actions (including cancellations, reallocations, new or additional financing, and resequencing of the portfolio to best respond to the shock) presents a framework for risk management, dynamic decision making, and rapid response needed to adapt in episodes of crisis and cycles of FCV. Experience to date also affirms the need for the WBG to reinforce efforts to pursue and fulfill its policy to remain engaged in unstable settings as much as possible, including to enhance its approach to adaptive management in volatile situations.²³
- ***Highly motivated staff is fundamental to WBG's response capacity – and effectiveness.*** The 2013 WBG Independent Evaluation Group (IEG) evaluation of the global food crisis found that “launching... an ambitious crisis response program without a corresponding increase in the operational budget and staffing undermined the quality of existing lending and nonlending operations and had adverse effects on staff work-life balance.”²⁴ The scale of the WBG's historic crisis response over the past two years – Bank commitments

²³ World Bank Group FCV Strategy Implementation Update, March 2022 (Forthcoming).

²⁴ *The WBG and the Global Food Crisis: An Evaluation of the WBG Response*, IEG, 2013.

in 2020-21 were a 60 percent increase over the previous four-year average – has taken place in the context of very modest staffing growth, a flat administrative budget, constrained operational travel and home-based work. Given the protracted nature of the COVID-19 pandemic and compounding crises, the medium-term implications for sustained client delivery merit consideration.

The Path Ahead

19. **The COVID-19 pandemic is not over; sustained WBG surge financing to address pandemic impacts while pursuing long-term development goals in line with GRID remains critical.** Building on the strong WBG COVID-19 Crisis Response and continued operationalization of GRID, the WBG will provide comprehensive and customized engagement across the client spectrum. IFC will continue its response to the pandemic under the framework of Relief, Restructuring, and Resilient Recovery, helping both existing and new clients navigate the uncertainty and resume their activity with a strong foundation. Relief activities continue to play an important role in the short run, including through the COVID-19 Facility. MIGA, in response to countries' continued struggle with the humanitarian and economic fallout from the COVID-19 crisis, received approval from its Board to extend its COVID-19 Response Program and increase the Program's capacity to \$10-12 billion.

20. **WBG client engagement will support clients to pursue GRID consistent with specific country circumstances and priorities.** In confronting the ongoing impacts of the COVID-19 pandemic and compounding crises, WBG support will include focus on accelerating vaccination and climate action as well as addressing fragility and mounting debt within the wider GRID approach:

- ***Accelerating vaccination and health system strengthening:*** The WBG continues to prioritize efforts to accelerate COVID-19 vaccine access and vaccination, particularly in Africa in close collaboration with partners (Box 4). This includes \$7.5 billion from the World Bank (IBRD/IDA) to support 67 developing countries in purchasing and deploying lifesaving vaccines by January 2021 working through COVAX, AVAT and bilateral arrangements. The approved \$93 billion IDA20 envelope enables continued robust crisis support to help LICs respond effectively to the ongoing impacts of COVID-19 crisis. WBG is deepening efforts to boost pandemic prevention, preparedness, and response (PPR) and will leverage support from other partners to mobilize additional resources for PPR. IFC's strategic investments will continue to increase manufacturing capacity, including nearly \$600 million in financing for vaccine capacity, to help overcome disruptions of supply chains and support R&D and regulatory approvals. The pandemic has induced significant pressure on basic health services in many developing countries. WBG support for health system strengthening will aim to address systems constraints that impact all services. Recent analytical work on COVID-19 and Climate-Smart Health Care outlines opportunities for synergistic responses, including non-COVID conditions, public health risk communications and building back better.²⁵
- ***Strengthening foundations for action on climate and development:*** Under the CCAP, key WBG objectives include: (i) aligning its financing with the Paris Agreement; (ii) increasing climate financing targets to 35 percent on average in FY 2021-2025 with at least 50 percent of IBRD/IDA financing for adaptation; and (iii) improving climate diagnostics, metrics and analytics. This systematic approach helps countries address climate and development challenges simultaneously – applying a climate lens across all sectors and aspects of development towards transformative results. It focuses on integrating climate and development, identifying and prioritizing action on the largest mitigation and adaptation opportunities, and using those to drive WBG climate finance and leverage private capital in ways that deliver the most results. Stepped-up support for NDCs is crucial, including transparent and accurate reporting on commitments. Introduced under the CCAP, Country Climate and Development Reports (CCDRs) will provide an analytic

²⁵ COVID-19 and Climate-Smart Health Care, World Bank, 2021.

Box 4: Working in Partnership on Vaccination Priorities

The Bank is working closely with COVAX and the Africa Union through the Africa Vaccine Acquisition Task Team (AVATT) to help countries access COVID-19 vaccines as quickly as possible. Through the WB Corporate Vaccines Task Force, the Bank has been collaborating with COVAX to establish a process that would use Bank financing for vaccines as a guarantee for COVAX to enter commitments on vaccine deals for vaccine doses, beyond those that are fully donor financed. The Bank co-convenes the Global Preparedness Monitoring Board, an independent advocacy and monitoring body that has helped mobilize international efforts to strengthen preparedness. Wider partnerships to boost vaccine access and deployment include:

- *Multilateral Leaders' Task Force*: members continue to mobilize critical financing; helping to remove barriers to export and import of vaccines, therapeutics and diagnostics; providing targeted advocacy; and supporting production in low-and middle-income countries
- Launch of *MLT-ACT-A "Global Covid-19 Access Tracker"* to monitor progress on global targets.
- Launch of *Vaccine Deployment Tracker* to monitor country progress on vaccine deployment and identify challenges/bottlenecks.
- WB actively participates in the *ACT-A Health Systems and Response Connector* to support countries to identify critical challenge
- Launched a *pilot country needs assessment* in two countries, including planning and financing; tracking; vaccine rollout, diagnostic rollout; treatment rollout; bottlenecks; PPE and IPC.
- *'Rethinking PPE' report* outlines effort to transform the PPE ecosystem to ensure a reliable, sustainable, climate-friendly supply of PPE (WB contributes along with Global Fund, IFC, WHO and others).
- *IFC is mobilizing a €600 million joint financing package for South Africa's Aspen Pharmacare Holdings Ltd.*, which produces Johnson & Johnson's COVID-19 vaccine for Africa. The project will help increase vaccine manufacturing know-how within Africa. The other financing institutions are: Proparco, a subsidiary of Agence Française de Développement, German Investment and Development Company, and the U.S. Development Finance Corporation.
- In Senegal, *IFC is working with Institute Pasteur de Dakar (IPD)*, one of Africa's leading vaccine producers and the only WHO-prequalified manufacturer of vaccine in the continent to expand production capacity, with the longer-term objective of positioning the facility as a major supplier of routine vaccines needed for the region.

base to inform country engagement products such as Systematic Country Diagnostics by analyzing pathways through which climate change impacts and transitions affect a country's ability to achieve its development goals. In terms of delivery, 26 CCDRs are expected to be delivered by June 2022, with the goal of rolling out CCDRs to all WBG countries over the next four years.

- ***Mitigating impacts of the war in Ukraine and promoting increasingly adaptive FCV engagement:*** Proactive WBG engagement to help mitigate the global, regional and national impacts of the war in Ukraine (Box 5) will be outlined in a forthcoming roadmap. More broadly, the WBG will reinforce efforts to pursue and fulfill its policy to remain engaged in unstable settings as much as possible, including to enhance its approach to adaptive management in crisis situations. In addition, the WBG will continue to mainstream and deepen prevention and transition approaches and explore options to expand entry points to engage on FCV and broader risks in MICs, including concessional financing and de-risking resources and instruments for private sector development.²⁶ This will build on WBG gains in strengthening its engagement in the most volatile situations and on prevention and transition. A recent example is the Bank's expanded approach to support the people of Afghanistan based on the request of Afghanistan Reconstruction Trust Fund (ARTF) donors and the international community to support the delivery of essential basic services, protect vulnerable Afghans, help preserve human capital and key economic and social services, and reduce the need for humanitarian assistance in the future.

III. International Cooperation

21. **The COVID-19 crisis has revealed the need for unprecedented coordination at the global level – with a consultative, action-oriented and accountable approach.** The record IDA20 replenishment

²⁶ World Bank Group FCV Strategy Implementation Update, March 2022 (Forthcoming).

Box 5. Spillover impacts of the war in Ukraine are far-reaching, demanding a robust WBG response

WBG teams have been engaging with clients from the outset of the war in Ukraine – responding proactively to help save the lives, livelihoods, and human capital of *people directly impacted, including the internally displaced as well as refugees* and to assess the war’s *spillover effects* on developing economies and the poor and vulnerable worldwide. Within days of the war’s outbreak, the World Bank Group mobilized more than \$925 million for Ukraine by March 2022, including fast-disbursing budget support as part of a \$3 billion package of support planned for Ukraine in the coming months. Reflecting strong partnerships and convening power, the World Bank also set up a multi-donor trust fund (MDTF) to facilitate channeling grant resources from donors to Ukraine, with contributions of US\$145 million thus far. Spillover effects of the war are likely to include impacts on food security, global supply chains, fiscal systems, foreign exchange for net importers of oil and gas, and energy market volatility among others. Global economic growth for 2022 could be up to 1 percentage point lower (OECD, 2022). In addition to the devastating impact on Ukraine and its people, the broader human toll could be far-reaching. The WFP anticipates, for example, that disruptions in wheat production and export will increase prices and consequently worsen hunger – already at a historic high. The WBG is preparing a roadmap that will outline the WBG response to the impacts and global repercussions of the crisis.

represents an important milestone in strengthening global cooperation with the poorest and most vulnerable countries; it positions the WBG to help lead sustained engagement on both crisis response and long-term development including in FCSs and SIDS. Collaboration with the IMF, ranging from debt issues and financial stability to green finance and crisis preparedness has been instrumental, building on long-term, strong partnership. Wider international cooperation and partnerships, including with national and international NGOs such as Save the Children and ICRC, have been integral to the WBG crisis response and support for long-term development goals, particularly in fragile settings. Longstanding partnerships with United Nations agencies, including UNICEF, the WFP, UNHCR, and WHO have helped to enable support to the most vulnerable, including excluded groups, displaced populations, refugees, and FCSs. For example, prevention has been a core area of focus for the UN and World Bank partnership over the past year, most notably through the FCV Strategy and IDA19. Partnerships across the HDP nexus are critical to the implementation of IDA, and particularly the new Prevention and Resilience Allocation (PRA). Moving forward, priorities for further strengthening global coordination include addressing inequities in vaccine distribution and reversing protectionist measures introduced during the pandemic.

IV. WBG Financing Framework for GRID

22. **An exceptional level of WBG financing remains essential for continued strong COVID-19 crisis response across clients while operationalizing GRID in line with country circumstances and priorities.** As outlined in the 2021 paper, “WBG Financing for GRID: Towards a Post-Pandemic Approach,²⁷” WBG financing will remain critical in the context of a comprehensive approach comprising four core elements. First, enhanced support for *domestic resource mobilization*, including addressing the challenges of boosting domestic savings and developing local financial markets. WBG support (including through IDA20 policy commitments) includes deepening structural tax reforms and modernizing administration systems to broaden tax bases, enhance equity and progressivity, boost transparency and promote better environment outcomes. Second, amplified *private capital mobilization* under the Cascade approach, including for climate change, through scaling up existing PCM platforms and developing new platforms. Private Capital Mobilization is integral to meeting the massive financing needs associated with green, resilient and inclusive recovery – including women’s economic empowerment. Third, *scaled-up GRID and climate financing through IFC, MIGA, IDA and IBRD* to accelerate progress on country priorities and GPGs. The IDA20 Replenishment is a powerful signal of international cooperation with the poorest and most vulnerable countries. IBRD will continue to play a critical role in mobilizing finance at scale for climate action, based on its well-established financial model of issuing triple-A rated bonds in the capital markets to leverage scarce shareholder capital with substantial private capital mobilization. Fourth,

²⁷ WBG Financing for Green, Resilient and Inclusive Development – Towards a Post-Pandemic Approach, September 2021.

knowledge and advisory services for capacity building to support good policy reform, enhanced regulatory frameworks, and addressing the economic and social impacts of the transition to a low carbon future. Importantly, the elements of the financing framework are not immune from crisis impacts. For example, economic and financial market impacts of the ongoing war in Ukraine could trigger implications for DRM and PCM.

V. Conclusion

23. **The COVID-19 pandemic, together with long-run compounding crises, is reshaping the context for realizing the WBG Twin Goals, with less than a decade left to 2030.** Comprehensive approaches to fostering green, resilient and inclusive development are essential, yet narrowing fiscal space, mounting debt and heightened demands necessitate prioritization and are provoking difficult tradeoffs. The ongoing WBG COVID-19 crisis response will continue to emphasize customized WBG engagement in close coordination with development partners to help developing countries reverse devastating development losses caused by the pandemic; strengthen resilience, preparedness and the foundations for durable growth; and facilitate country-level action needed to deliver GPGs. Adaptation, scale and comprehensive approaches backed by strong global cooperation will be increasingly needed. Strong coordination across the Bank, IFC, and MIGA in line with the Cascade and One WBG Approach will remain integral to maximizing the impact of WBG support, drawing on the 2021 Roadmap on Outcome Orientation and lessons learned. The historic IDA20 replenishment, together with the enabling framework for GRID, the CCAP and the FCV strategy will frame intensified WBG engagement over the medium term. While there are major risks and uncertainties, risks can become opportunities for GRID through knowledge and foresight. Global trends and other factors such as the pace of technological progress and the extent of conflict versus cooperation will affect the ability of developing countries, their communities and the private sector – as well as the WBG and its partners – to make durable progress in green, resilient, and inclusive development.