

2022

SOWD REPORT

STATE OF WORLD HEALTH SECURITY & DIPLOMACY



World Bank's COVID-19 response: moving forward



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Published by: Center for Global Health Security & Diplomacy

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Executive Summary

The recent COVID-19 pandemic has exposed our failure to invest and maintain a universal and adequate public health care system. As a result, millions of lives have been lost and many more are still at risk. It has led to widespread shutdowns, job losses and economic downturns. Over 15 months, the World Bank has deployed up to \$160 billion and facilitated projects to support countries' response to COVID-19. This paper is an independent evaluation of experts from the Center for Global Health Security & Diplomacy on the World Bank's response to COVID-19. It assesses the World Bank's strategic health policies, its COVID-19 response strategies, and potential gaps and deficiencies in its implementation. It further provides recommendations on how the World Bank can restructure its implementation mechanism to aid countries in preventing, detecting and responding effectively to future pandemics.

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Background of the World Bank

Founded in 1944, the World Bank Group was originally established to provide countries with loans to rebuild themselves after World War 2. The World Bank is now a global partnership between five institutions (IBRD, IDA, IFC, MIGA, and ICSID) with two key mandates. First, they aim to alleviate poverty, by decreasing the portion of the population that lives in extreme poverty to 3% by 2030. Second, they aim to promote shared prosperity, by increasing the income of the poorest 40% of the population in every country.¹

The World Bank works towards these objectives by providing their 189 member countries with loans and grants to support development and relief projects. As shareholders, these countries are represented in the World Bank by a Board of Governors. They function as the ultimate policymakers and are usually the ministers of finance or the ministers of development from the subsequent countries. The World Bank has funded over 12,000 projects through traditional loans, interest free credits, and grants. Each of the five institutions that make up the World Bank has their own commitments toward specific sectors. Both the IBRD and IDA provide financing, policy advice and technical assistance to the governments of developing countries. IFC, MIGA, and ICSID are committed to strengthening the private sectors in developing countries.²

The World Bank's Strategy for Health³

Under their core mission of alleviating poverty, the World Bank's mission in health, nutrition and population policies (HNP) is to improve the health conditions of people in their member countries. Targeted especially at those who are poor and vulnerable, the World Bank hopes to prevent them from becoming impoverished due to illness. This is done through advice and support to improve each

¹ World Bank. "Who We Are." World Bank, <https://www.worldbank.org/en/who-we-are>.

² World Bank. "History." World Bank, <https://www.worldbank.org/en/archive/history>.

³ World Bank. 2007. Healthy Development : The World Bank Strategy for Health, Nutrition, and Population Results. Washington, DC. © World Bank. <https://openknowledge.worldbank.org/handle/10986/6843> License: CC BY 3.0 IGO.

country's fiscal sustainability, economic growth, global competitiveness, and good governance. In an effort to improve lives and health conditions, the World Bank aligns their advice with each member country's policy to attain results in four key objectives. First, the World Bank aims to improve the level and distribution of key HNP outcomes, outputs, and system performance at both national and global level to improve living conditions. This is connected with their second objective, to prevent poverty due to illness through improvements in financial protection. Third, the World Bank aims to improve financial sustainability in the HNP sector and its contribution to sound macroeconomic, fiscal policy, and country competitiveness. Finally, the World Bank strives to improve governance, accountability, and transparency in the health sector.

It is interesting to note that increasing interest of the World Bank in the health sector is due to a better understanding of development. The World Bank acknowledges that good health and nutrition, effective reproductive policies and health services are critical to breaking the circle of poverty. This had led to the prioritization of health, nutrition, and population programs in the bank's mission, leadership, and philosophy.

In 2007, the World Bank shifted and made three important changes in their strategies. First, they added "improving governance and accountability" within HNP as an additional policy objective. Second, strengthening of the health system is seen more as a means to achieve HNP results rather than the objective. Third, the World Bank began to recognize that HNP policies profoundly impact national fiscal policy and competitiveness. It is thus crucial to link HNP policies to national objectives.

To achieve these objectives, the World Bank has devised five main strategic directions to support countries in their efforts to achieve HNP results. The first strategic direction is to renew the World Bank focus on HNP results. Renewing focus in this context implies ensuring that HNP-related lending and nonlending achieve HNP results. This includes increasing the portion of output-based lending, implementing investment to monitor and evaluate HNP-related lending, adjusting portfolio quality to improve operations linkage with HNP results. It also captures country-level actions like helping member countries improve their performance-based monitoring within their public health system.

The World Bank's second direction is to increase their contribution to member country's efforts to strengthen an organized and sustainable health system. Achieving this requires equitable access to effective interventions and a continuum of care, which would only arise through a well-organized and sustainable health system. Their third strategic direction is to ensure synergy between health system strengthening and priority-disease intervention. Through policy and public advising, the World Bank aims to both address the constraints within the system and address priority disease-specific needs without excessive negative spillover. The synergy can be realized by implementing multiple system strengthening activities. This means addressing the main priority diseases in a single project, which would also include implementation design actions to strengthen the health system simultaneously.

Their fourth strategic direction to support client-country efforts looks at strengthening the World Bank's capacity to advise member countries on an intersectoral approach to HNP results. Intersectorality is difficult to realize on either national or international level due to compartmentalization of sectors and contradictory incentives. However, intersectionality is a comparative advantage of the World Bank. They have the capacity to strengthen the health system through their intersectoral approach to country assistance, advice on framework for private-public collaboration, and convening capacity for large-scale implementation of projects and programs.

Their final strategic direction is to increase selectivity, improve strategic engagement, and reach agreement with global partners on collaborative division of labor for the benefit of client countries. This direction implies an assessment of the World Bank's engagement with its partners. The Bank hopes to seek better balance between partnerships and regional work to achieve effective and sustainable partnership. This also includes promoting country-level collaboration for alignment and directing the Bank's contribution in promoting public goods and preventing public "bads" globally.

COVID-19 Pandemic

About SARS-CoV-2

First reported on 31 December 2019, the disease COVID-19 is caused by a new coronavirus, SARS-CoV-2. Its most common symptoms are fever, dry cough, and fatigue, though it may lead to shortness of breath, loss of appetite, confusion, and persistent pain. The World Health Organization

has reported that 80% of individuals who have developed symptoms of COVID-19 recover without requiring care from the hospitals. The danger of COVID-19 lies in its complications like respiratory failure or septic shock that may lead to death. 15% of individuals who develop the symptoms become seriously ill and require oxygen. 5% become “critically ill and require intensive care”⁴. Those who are 60 years old or above and those with underlying medical problems involving blood pressures, lungs, and heart are at higher risk of severe illness from COVID-19.

Impact of COVID-19

The COVID-19 pandemic has plunged the global economy into the worst recession since World War 2, as reported by the World Bank. It has caused disruption in the global supply chain, trade and travel, causing shocks to the labor supply and consumer demand as uncertainty of global growth mounts. It has threatened numerous global gains and progress in health, poverty, climate change, and gender equality. As of December 10, 2021, 267 million people were confirmed infected and more than 5 million have died⁵. It has challenged even the top health systems, where COVID-19 emerged as the leading cause of death in the United States. During the first year of the pandemic, at least 17,000 health workers died from COVID-19⁶. Restrictions to enforce social distancing like school closures, international travel restrictions, or event cancellations have closed sectors that account for 80% of global GDP. 80% of the global workforce are affected by these closures, putting billions of jobs under threat. Millions of people will fall into extreme poverty, while millions would suffer from deeper deprivation.

Yet, the scale of the pandemic consequences worldwide have not been uniform. Major economies have the capacity to carry out large monetary and fiscal packages that emerging and developing economies (EMDEs) are unable to match. For the first time in 60 years, the World Bank has projected EMDEs to contract due to the reversal of capital flows and fall in remittance flows. The sudden reversal of capital flows has helped finance fiscal policies in advanced economies but this has left

⁴ World Health Organization. “Coronavirus Disease (Covid-19).” *Coronavirus Disease (COVID-19)*, World Health Organization, 13 May 2021, <https://www.who.int/news-room/questions-and-answers/item/coronavirus-disease-covid-19>.

⁵ World Health Organization. *WHO Coronavirus (COVID-19) Dashboard*, World Health Organization, <https://covid19.who.int/>.

⁶ “Covid19: Health Worker Death Toll Rises to at Least 17,000.” *Amnesty International*, 17 Aug. 2021, <https://www.amnesty.org/en/latest/press-release/2021/03/covid19-health-worker-death-toll-rises-to-at-least-17000-as-organizations-call-for-rapid-vaccine-rollout/>.

EMDEs exposed. This has resulted in sharp depreciation of their currencies. Remittance flows also fell in 2020 by 20%. The impact of the pandemic was more consequential for EMDEs with a weak health system and inadequate pandemic preparedness.⁷ This is characterized by limited infrastructure, lack of funds for vulnerable and/or uninsured populations. Because of limitations in travel, EMDEs with a high dependence on trade and tourism felt the impact on the pandemic more substantially. Similarly, those with large financing needs characterized by fiscal deficits or large public and private debt or those who are major commodity exporters incurred more economic and financial consequences due to the pandemic, compared to other countries. Moreover, countries vary significantly in terms of their approaches and measures to curb the spread of the virus. Some chose to contain the epidemic, driving it towards elimination; some chose virus suppression; and some chose to just mitigate the worst impacts of the pandemic.

The pandemic has exacerbated risks for women and threatened gains on gender equality. Women are more likely to lose opportunities and financial independence due to school closures and increased unpaid family care.

World Bank's COVID-19 Response⁸

The World Bank aligns their pandemic response with their dual mandate of eliminating extreme poverty and promoting shared prosperity. Due to limited resources, their response is anchored in their comparative advantages and core principles which help in selectivity. These comparative advantages include their multisector knowledge at both country and global level, their public and private sector instruments, and ability to mobilize and leverage financing. Their core principles include transparency, fair and equitable burden sharing, strong focus on poverty, inequality and inclusion, respect for the rule of law, preservation and strengthening of institutional capacities, commitment to building human and natural capital, and preserving global public goods. These will form the framework by which this policy brief analyzes their pandemic response.

⁷ The World Bank Group. "World Bank Group COVID-19 Crisis Response Approach Paper: Saving Lives, Scaling-up Impact and Getting Back on Track." *The World Bank Group*, June 2020.

⁸ The World Bank Group. "World Bank Group COVID-19 Crisis Response Approach Paper: Saving Lives, Scaling-up Impact and Getting Back on Track." *The World Bank Group*, June 2020.

Throughout the pandemic, the World Bank's fundamental objective is to assist countries to meet the two challenges of addressing the immediate health, social and economic threats posed by the pandemic while simultaneously working towards their long-term development vision. Their response consists of 4 thematic pillars which focus on health interventions to save lives, social response to protect the poor and vulnerable, economic response to save livelihoods, and cross-sectoral support to strengthen policies and institutions. Despite the different focus area, the financial role of the World Bank remains unchanging. It includes aiding countries in debt and financial management and to support measures required for macroeconomic stability and implementation of agreed debt relief initiatives. The goal is to help poor countries meet liquidity needs, implement effective responses to the crisis and limit the duration of its impact.

Each pillar is structured around stages of intervention: relief, restructuring and resilient recovery. The relief stage necessitates emergency response to the threats posed by the pandemic that spans the health, social, economic, and financial sectors. The restructuring stage involves “strengthening health systems, restoring human capital and restructuring of sectors, and debt resolution for firms”. The final stage of resilient recovery deals with building a more sustainable, inclusive, and resilient recovery. The following sections will briefly discuss each thematic pillar.

Health Interventions

As one of the pillars, the World Bank's objective is to aid countries in the prevention, detection and response of health threats posed by the pandemic, while simultaneously strengthening national systems for public health preparedness. This includes preventing transmission through testing, isolation, treatment, contact tracing, quarantining, etc., strengthening health service delivery by training and equipping human resources, expanding and reorganizing care, ensuring vulnerable households' access to preventive and essential health services, and budget management.

Social Interventions for Human Capital

The second pillar of the World Bank's response focuses on protecting poor and vulnerable households and communities from the economic and social shock of the pandemic. Interventions include establishing income and food support through the expanded use of digitization of cash assistance and maintaining behavior change and care services. This covers programs to assist

pandemic control like hand washing, social distancing and interventions to support child welfare, employment, delivery systems for expanded coverage. Under the emergency relief stage, the World Bank targets vulnerable households and provides income support and builds on existing social assistance delivery systems. The next stage of restructuring focuses on establishing food supply chains and employment to support the incomes of the poor. This relies on mitigating skill losses in the early crisis stage and simultaneously promoting development of new skills through a multi platform remote learning program. In the resilient recovery, the World Bank plans to support governments in building on existing delivery systems to increase coverage and build on greater resilience to future shocks within the households and communities . This entails rebalancing income support, livelihoods and social services to meet the demand of recovering economies facing poverty and inequality in the post-pandemic period.

Another aspect of this pillar is the investments in human capital through education and early childhood education (ECD). Due to the pandemic, the challenge lies in recovering learning losses of those who were in school, reducing dropout rates and out-of-school populations. In the emergency stage, the World Bank aims to support education systems through grants and the restructuring of programs towards remote learning and ECD to mitigate learning losses. The second restructuring stage is marked by the reopening of schools with protocols regarding protective facilities, health screening, and social distancing. The World Bank's role in this stage is financial support through subsidies and scholarship to equitable access to school and prevent dropout of girls. In the final stage of recovery, the World Bank's objective is to rebuild a diversified and equitable education service to ensure continuity and acceleration of learning.

Economic Restructuring & Debt Resolution

The objective of this thematic pillar is to promote sustainable business growth and consequently, job creation. The World Bank plans to achieve this by aiding countries to help firms - especially the private sector- survive the initial shock, restructure and become more resilient in the recovery. This can be done through increasing public-private joint interventions that enable the channeling of resources at large scale. The World Bank's pillar of economic restructuring hinges on their belief that direct government support should focus on formal small and medium-sized enterprises. The middle segment of firms have experienced the greatest potential loss of human and organizational capital. On the other hand, indirect support should look at leveraging existing financial intermediaries. This

is because informal firms are best targeted through support to microfinance institutions that serve them, especially those that are growth-oriented and female-owned.

WBG plans to implement a range of crisis response instruments, summarized in the four objectives. First, they plan to promote the flow of credit to the economy through Banks and NBFIs. This aims to ensure liquidity that creates crowd-in private sector capital. Second, the World Bank plans to support the delay or suspension of tax, social security payments and filings to reduce operating costs and allow flexibility. Their third objective is to expand the use of financing technology by facilitating cash transfers and the expanded use of digital payments. Their final objective is to ensure that the country's financial sector can provide liquidity without jeopardizing resilience.

In working towards a resilient recovery, the key component is sustainability. Support should facilitate the transition to a more sustainable production process, supported by higher market growth potential. This means financial restructuring, debt resolution, reallocation of resources to more efficient companies. And strengthening of balance sheets. This is critical to maintain job creation and growth-oriented enterprises.

Policy & Institutional Reforms for Rebuilding Better

The fourth thematic pillar is centered around supporting countries in their recovery by establishing reforms through policies and institutions based on transparent and sustainable debt. This means, the World Bank aims to avoid past policy mistakes like those that are detrimental towards business are associated with poor management of government assets and weak fiscal management. A range of areas in these reforms include health, social protection, private sector, green infrastructure and social inclusion.

The pandemic has shown the need for resilient systems that can meet demands and provide efficient safety nets. Countries will need to address three main priorities. First, there is a need to rebuild firms, supply chain, networks to drive sustainable job growth and creation. This can be achieved through investments in public-private partnerships that combine education and skill training to increase employment. Second, countries should aim to eliminate distortions towards productivity growth while simultaneously working towards rebuilding to improve resilience to future shocks. Third, countries should prioritize building equity and inclusion. The World Bank can aid these reforms

through policy-based lending that supports a limited yet feasible set of policy actions to scale up the impact of their health, social and economic responses.

Policy Analysis

Limitations in Analyzing World Bank's Role in Health

Before this brief delves into analyzing the World Bank's pandemic response, we first address the limitations. There exist three main limitations when studying the World Bank's role and their subsequent implications to global health: their internal structure, their dynamic approaches to health, and their involvement with an expanding number of actors.⁹

The World Bank consists of multiple entities with different mandates which place health as merely one of the development objectives. In the words of Tichenor et. al., the World Bank is not a “monolith” and its health portfolio extends beyond its Health, Nutrition and Population (HNP) division¹⁰. If we merely direct our attention on the IBRD and IDA, we risk neglecting the World Bank's relationship with the private sector which has enhanced health equity over the last four decades. In addition to their lending and engagement with the private sector, it is difficult to isolate the impact of their projects with health objectives in allied sectors like “food security” and “post-conflict reconstruction”.

Another limitation in analysis is caused by the World Bank's dynamic approaches to health over time, where the impacts of their policies remain debated between scholars¹¹. Up till the early 1990s, the World Bank advocated for private sector funding, user fees, and other forms of health system self-financing. Yet, empirical evidence found that user fees disproportionately affect those who are poor and vulnerable. It is not successful in increasing revenue or efficiency. In response, the past Bank president, President Jim Yong Kim advocated for their elimination but recognized their role in resource mobilization. Additionally, there is mixed evidence as to whether this reduction in public expenditure outlined in the World Bank's and International Monetary Fund's Structural Adjustment

⁹ Tichenor, M., Winters, J., Storeng, K.T. et al. Interrogating the World Bank's role in global health knowledge production, governance, and finance. *Global Health* 17, 110 (2021). <https://doi.org/10.1186/s12992-021-00761-w>

¹⁰ Ibid.

¹¹ Ruger, Jennifer Prah. “The Changing Role of the World Bank in Global Health.” *American Journal of Public Health* 95, 60 - 70. <https://doi.org/10.2105/AJPH.2004.042002>

Programs increased or decreased the per capita public health spending. Essentially, their changing approaches toward global health policies make it difficult to isolate and assess their impacts in the long-term.

The third difficulty in assessing the World Bank's role in global health comes from their partnership with other institutions. In the 1990s, there existed financing gaps in the World Health Organization and the United Nations Children's Fund (UNICEF) health programming, especially in immunization. Because of its trust fund health portfolio, the World Bank was able to serve as a financial trustee with the WHO and other multilateral organizations. This wide-reaching network makes it difficult to isolate the World Bank's influence relative to other institutions. For example, isolating the World Bank's influence in health policy knowledge is complicated as it is produced through its engagement with other global health organizations. The introduction of disability adjusted life year (DALY) and the health life expectancy (HALE) metrics as a measure for global disease burden were a result of a partnership between the World Bank, WHO, and Harvard University. It is interesting to note that many criticize DALY for its lack of theoretical framework and found them to be inequitable. Although the World Bank argues that it improves analysis of the international health system, critics remain concerned with its use in global health.

Evaluating the World Bank's COVID-19 Response

To implement the strategies outlined in their four thematic pillars, the World Bank's financial role remains the same. Implementation is carried out through their financing and service advisory to their member countries. This section analyzes the World Bank's two roles and issues embedded within.

World Bank's Funding to Curb the Health, Social and Economic Impacts of the Pandemic

The World Bank plays a leadership role in pandemic financing but there exists key issues that need to be addressed in preparation for future responses. Currently, the pandemic financing is fragmented as countries receive funding from different organizations with its distinct framework. This requires effective risk management at national level to utilize these finances well and meet the conditions required by multiple institutions. This is difficult for most developing countries, especially those whose relative poverty level lies below an established and updated threshold or in other words, IDA countries. Although the World Bank provides 32% of all multilateral funding to these countries,

support could extend beyond financing¹². It may include a commitment to joint planning, increased access to finance or support to governments as to how the pandemic response may address the needs of those who are poor and vulnerable. Essentially, IDA countries can benefit massively from the World Bank's advisory. The World Bank recognizes that in the pandemic, selectivity is key. Most vulnerable IDA countries should be selected for focus support, but this is not the case. The worst hit IDA countries received merely \$13 per capita from the World Bank funding, as compared to IDA countries with lower poverty impacts receiving \$40 per capita.

Another key financing issue lies in the disbursement rates. Currently, the World Bank's disbursement rates are slower than other multilateral agencies. For IDA countries within the first four months of the pandemic, the World Bank only reached a 19% disbursement rate, as compared to the 59% rate of the Asian Development Bank and 32% of the United Nation System. Delays in disbursement can result in loss of development gains. The Center for Global Development argued in October of 2020 that the World Bank is lagging behind their target for the pandemic response, with disbursement only reaching 50% of their goal¹³. If we compare this with the global financial crisis, performance is mixed. The growth in new commitments has been faster but is smaller when compared to the debt of the crisis that IMF has forecasted. These delays can be attributed to the planning of pandemic responses not being quick enough. In April 2020 as households were losing income, the only instruments disbursed were the Development Policy Loans with a Catastrophe Deferred Drawdown which were approved before the crisis. Further evidence is seen in the slow feedback of the Crisis Response Window (CRW). The CRW aims to provide IDA countries with additional resources to counter impacts from natural disasters, economic crises, or public health emergencies. Yet, it took an average of 398 days from the first coronavirus disaster for the CRW to start providing financing.

This brief extends the analysis of the World Bank's pandemic funding beyond their commitments and disbursement. In October 2020, the Center for Global Development computed the net flows of

¹² Bruce, Colin, and Daniel Clarke. "Realizing the Crisis Preparedness and Response Ambition of IDA20." *Centre For Disaster Protection*, Centre For Disaster Protection, 23 June 2021, <https://www.disasterprotection.org/latest-news/realizing-the-crisis-preparedness-and-response-ambition-of-ida20>.

¹³ Duggan, Julian, et al. *Is the World Bank's COVID-19 Crisis Lending Big Enough, Fast Enough? New Evidence on Loan Disbursement*. Center for Global Development, <https://www.cgdev.org/sites/default/files/world-banks-covid-crisis-lending-big-enough-fast-enough-new-evidence-loan-disbursements.pdf>.

World Bank funding to each country. They found little to negligible increase in lending. Particularly in low-income countries, disbursement only increased by 0.33% of 2018 GDP relative to the same period in the year before. Although this was a larger increase in disbursement compared to the period of the financial crisis, the increase in magnitude is not substantial. This was the case for other countries as well who only saw a negligible increase in lending. This performance can be attributed to the different choice of financing instrument or policy framework. During the global financial crisis, the World Bank utilized fast-disbursing budget support, peaking at 45% of the portfolio during the crisis response period. Compared to the coronavirus pandemic response, the use of budget support decreased compared to the pre-crisis period and only peaks at 30% of portfolio. While the commitments during the global financing focused on fast disbursing, there seems to be mixed evidence during this pandemic response. Another reason for this performance is selectivity. Net flows and disbursement have increased at a faster pace for low-income countries than during the global financial crisis. Yet, there exists divergence in performance. For 54 out of 80 IBRD countries, they experience no increase in net flows of funding from the World Bank and 40 are paying more to the World Bank¹⁴. Although this can reflect strategic decisions to prioritize, this also reflects a point of controversy in the World Bank's response to the pandemic - their refusal to participate in the Debt Service Suspension Initiative (DSSI).

DSSI is an initiative to temporarily suspend debt service payments from the poorest countries. It aims to temporarily ease the financing constraints faced by certain countries and enable resources and money to be used to mitigate the health, social, and economic impacts of the pandemic. Although the IMF has granted debt service relief to 25 low-income countries from April to October, the World Bank and other multilateral development banks have refused to participate in this initiative. In June, the World Bank president argued that DSSI may endanger its credit ratings and its ability to lend to low-income countries. This is referring to the World Bank's business model, where they borrow at a low rate by taking advantage of the AAA credit ratings and then lending to developing countries at a discounted rate. Many critics argue that "multilateral banks are not practicing what they preach"¹⁵.

¹⁴ Duggan, Julian, et al. *Is the World Bank's COVID-19 Crisis Lending Big Enough, Fast Enough? New Evidence on Loan Disbursement*. Center for Global Development, <https://www.cgdev.org/sites/default/files/world-banks-covid-crisis-lending-big-enough-fast-enough-new-evidence-loan-disbursements.pdf>.

¹⁵ Nye, Alexander. "Who's Afraid of Some (Not so Big or Bad) Debt Relief?" *Yale School of Management*, 24 July 2020, <https://som.yale.edu/blog/whos-afraid-of-some-not-so-big-or-bad-debt-relief>.

The Center for Global Development agrees and argues that the World Bank is able to engage in DSSI without risking the institution's credit ratings¹⁶.

Infrastructure and System Reformation to Increase Preparedness

The last thematic pillar of the World Bank's pandemic response, "Rebuilding Better" centers around reforming infrastructure and system to increase country's preparedness and resilience. However, the World Bank needs to recognize that there exists structural disincentives for governments to prioritize prevention and preparedness¹⁷. In many low-income countries, burgeoning fiscal strain and debt burden makes it difficult to invest in mitigating possible future crises. Essentially, it is a challenge for the governments of developing countries to prioritize spending on potential crises rather than issues of today. Simultaneously, it is difficult to identify the set of investments to prepare for a response system. Some countries may require reforms in regulations; some may require the construction of safety net systems or investments in early warning systems or disaster planning. It may also be beneficial for the World Bank to consider the reformation of infrastructure or systems to center around green sustainability. During the 2008 financial crisis, South Korea, which focused almost 70% of its stimulus on green measures¹⁸, was able to rebound faster than other countries in the Organisation for Economic Co-operation and Development (OECD). Similar evidence can be seen in the United States. They found that when investing their 2009 Great Recession recovery package in clean energy and public transport, more jobs were created than traditional investments.

¹⁶ Duggan, Julian, et al. *Is the World Bank's COVID-19 Crisis Lending Big Enough, Fast Enough? New Evidence on Loan Disbursement*. Center for Global Development, <https://www.cgdev.org/sites/default/files/world-banks-covid-crisis-lending-big-enough-fast-enough-new-evidence-loan-disbursements.pdf>.

¹⁷ Bruce, Colin, and Daniel Clarke. "Realizing the Crisis Preparedness and Response Ambition of IDA20." *Centre For Disaster Protection*, Centre For Disaster Protection, 23 June 2021, <https://www.disasterprotection.org/latest-news/realizing-the-crisis-preparedness-and-response-ambition-of-ida20>.

¹⁸ Srivastava, Aman. "After Covid-19, 5 Ways India Can Pursue a Sustainable and Resilient Recovery." *World Resources Institute*, 28 Apr. 2020, <https://www.wri.org/insights/after-covid-19-5-ways-india-can-pursue-sustainable-and-resilient-recovery>.

Recommendations

To fight the pandemic, the World Bank has provided their member countries with disbursement through the Development Policy Financing (DPF). This DPF support is usually accompanied by a conditionality in the form of policy and institutional actions that the recipient government must implement. However, there exists flexibility such that the World Bank can deploy support at greater speeds and with less conditionality during the time of crisis. The World Bank has not taken advantage of this flexibility. Instead, the majority of the World Bank's pandemic budget response required a conditionality unrelated to the crisis. Not only does this delay disbursement, appropriate policy making requires time. Generally, conducting most of the planning when a crisis strikes results in an untimely response. To increase its disbursement rates, it would also be beneficial for the World Bank to anticipate or discuss the amounts of funds they should allocate before a crisis occurs.

Similarly, there are a significant number of low-income countries experiencing little to no increase in net support as they have to pay current debt. Existing resources would be better off allocated to curbing the impacts of the present crisis, rather than repaying existing bank loans during the same period. Pre-crisis preparations and increased support to low-income countries could manifest in a proposed disaster clause in new debts. It allows countries to automatically defer their principal payments and interest for a defined period following certain distinct shocks. This is inspired by Grenada's hurricane clause that allows Grenada to defer principal and interest payment if it experiences a tropical cyclone that results in a loss between USD 15 million to 30 million.

Simultaneously, the World Bank's member countries may be better served with a timely report on the pace of their disbursement. In crisis handling, it would benefit the member countries to know the speed of their financing support. Similarly, a clear report on the World Bank's commitments, disbursement and net flow can encourage bank donors in providing more financing to support the World Bank's efforts. Essentially, the overall scale of the World Bank's financing support fails to meet countries' needs, especially the low-income group. The World Bank characterizes its financing crisis according to levels of committed funds but disbursement rates and net flows are equally significant,

especially for its member countries who are trying to best allocate resources within their pandemic response.

To encourage member countries to invest in infrastructure or system reformation, the World Bank can create incentives that systematically encourage investment in pre-crisis reliance¹⁹. A possible impetus is making lower-cost financing support for countries that have plans to make certain investments to better their national resilience. The World Bank can possibly use CRW finance with less rigid terms if these countries commit to improving their data collection to support risk assessment, regulatory reforms to mitigate economic or social cost of disasters, early warning systems for disaster preparedness planning or the strengthening of budgetary framework.

The redesigning of early warning systems in the form of surveillance and alert systems at regional, national and global level is crucial. The beginning of this pandemic saw many national early responses that lacked speed, urgency, and effectiveness. On 30 January, the WHO COVID-19 IHR Emergency Committee declared that it was “still possible to interrupt virus spread, provided that countries put in place strong measures to detect disease early, isolate and treat cases, trace contacts and promote social distancing measures commensurate with the risk”. This did not spur much action and as a result, many countries were too late in their response to mitigate the impacts of the pandemic. This shows the need for better detections that pick up signals of potential outbreaks and relay to the necessary institutions. Potential implementation can involve applications of digital tools like machine learning and open data principles.

In an effort to increase their member countries’ preparedness, the World Bank may encourage drills and simulation exercises. This allows for immediate and routine rectification of identified weaknesses and focuses on how the system functions during actual conditions of pandemic stress.

¹⁹ Bruce, Colin, and Daniel Clarke. “Realizing the Crisis Preparedness and Response Ambition of IDA20.” *Centre For Disaster Protection*, Centre For Disaster Protection, 23 June 2021, <https://www.disasterprotection.org/latest-news/realizing-the-crisis-preparedness-and-response-ambition-of-ida20>.

Key Recommendations

There is a need to deploy disbursement at a greater speed. This can be achieved by imposing less conditionality with the DPF support or by anticipating the amount of funds the World Bank should allocate in a pandemic.

There should be a greater focus towards low-income countries. Further support can be provided by deferring their principal payments and interest for a defined period of time. A timely report on the pace of the World Bank's disbursement can also be helpful for these countries to implement policies.

The World Bank should encourage investment in infrastructure for pre-crisis resilience. This can be done by creating lower-cost financing support to improve risk assessment, regulatory reforms, early warning systems, or the strengthening of the budgetary framework.

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