BACKGROUND

The Centre for Disaster Protection is tracking international financial flows to low and middle-income countries to help them manage the health and economic costs of Covid-19.

While a range of actors are collecting and reporting on financial data relating to the Covid-19 response for specific purposes, there is currently no comprehensive assessment of funding flows across development and humanitarian sectors.

There are three reasons why we are doing this:

1. To show what is working well and what is not: where there are gaps in financial flows relative to need.

2. To highlight where we need better reporting: reliable financial tracking provides valuable information for informed decision-making.

3. Assess what changes are needed to ensure an international crisis financing system that works for the poorest countries.

This deck of slides sets out initial findings from tracking humanitarian and development flows in response to the Covid-19 crisis.

The data in this deck was last updated on:
- WB and IMF commitments: June 10
- WB disbursement: May 27 (for April data)
- UN funding: June 19
- Regional development banks: June 14
The slides summarises findings on the magnitude, coverage and speed of flows.

An initial analysis of the equity of flows is presented in order to highlight which countries may not be receiving enough.

**SLIDES OUTLINE**

1. What have we tracked?
2. Size and type of flows
3. Speed of commitment and disbursement
4. Equity of coverage
New lending and debt relief from the IMF, WB Group, and Regional Banks; humanitarian assistance provided through the UN; and G20 commitments to bilateral debt relief.
DEFINITIONS

Funding starts with pledges of support but this can cover support over many months and is not at the point of a commitment to a country of specific support.

We therefore focus on commitments – money that has been allocated to a specific country for a specific purpose, and due to arrive at a planned time.

We also look at disbursements – money that has already reached the recipient country. The data we have stops there.

Commitments refer to money on the way.
Disbursements refer to money that has arrived.
## We Are Tracking the Following Sources of Financial Flow

<table>
<thead>
<tr>
<th>Donor</th>
<th>What has been tracked</th>
<th>Flow Type</th>
<th>Commitment</th>
<th>Disbursements</th>
</tr>
</thead>
</table>
| IMF         | All new emergency loans and debt relief that has been made as result of the fund’s response to Covid-19. Data is downloaded from the IMF’s [Covid-19 lending tracker](https://www.imf.org/en/Topics/Coronavirus/Lending-Tracker) site weekly. | Catastrophe Containment and Relief Trust (CCRT)  
Rapid Credit Facility (RCF)  
Rapid Financing Instrument (RFI)  
Augmentation of EFF  
Augmentation of ECF  
Augmentation of SBA | Yes         | N/A (debt relief)  
Immediate  
Immediate  
Immediate  
Immediate  
Immediate  
Immediate  |
| WB          | The WB [projects database](https://www.worldbank.org/en/) is used as the main source of new commitments and Cat DDO disbursements. New loans are up to date, but disbursement data is released with a lag. Reallocations are estimated based on press release. The IFC project database is used for IFC new loans. | New Covid-19 related Loans  
Cat DDO payments  
Repurposed loans  
IFC new investments | Yes         | Yes  
Yes  
Yes  
Yes |
| ADB         | Data on new Covid-19 loans and disbursements have been downloaded from the ADB and IADB websites. No new commitments were found on the AfDB’s website.                                                | Loans to sovereigns and firms (ADB)                                        | Yes         | No                  |
| AfDB        |                                                                                                                                   |                                                                           |            |                     |
| IADB        |                                                                                                                                   |                                                                           |            |                     |
| Humanitarian Assistance | Appeal funding and allocation has been downloaded from the UN Financial Tracking Service.                                                                                                       | Humanitarian assistance                                                   | Yes         | No                  |
| G20         | One-off debt relief May 1-Dec 31, 2020. Estimated from WB International Debt Statistics 2018.                                                                                                                      | Bilateral Debt Relief                                                    | Yes         | N/A (debt relief)   |
TO DATE, TRACKABLE COMMITMENTS FALL WELL SHORT OF WHAT HAS BEEN PLEDGED. FURTHER COMMITMENTS ARE EXPECTED, BUT BETTER DATA IS ALSO NEEDED.

- In all cases, financial tracking is constrained by the lack of timely, complete, and consistent data reporting.
- In the coming months, more progress can be made to close the gap by continuing to track newly available data. More reporting by IFC, AfDB, and IDB is also needed.

<table>
<thead>
<tr>
<th>Bank</th>
<th>Amount Pledged US$</th>
<th>Amount Tracked US$</th>
<th>Why a gap exists</th>
</tr>
</thead>
<tbody>
<tr>
<td>WB</td>
<td>$160B over 15 months</td>
<td>$11.7B</td>
<td>- Much of the funding will begin on July 1st in new fiscal year</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- US$0.3B of repurposed loan still unaccounted for; likely due to lack of</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>transparency around CERC disbursements.</td>
</tr>
<tr>
<td>IFC</td>
<td>$8B</td>
<td>$1.4B</td>
<td>- Public reporting of new loans but no public reporting of additional lending</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>to existing borrowers and it looks as though this has been a large part of the</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>response.</td>
</tr>
<tr>
<td>ADB</td>
<td>$20B</td>
<td>$6.8B</td>
<td>- Few reports of Covid-19 lending on the website. Loan data are retrieved from</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>press releases.</td>
</tr>
<tr>
<td>AfDB</td>
<td>$10B</td>
<td>$1.5B</td>
<td>- Few reports of Covid-19 lending on the website. Loan data are retrieved from</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>press releases.</td>
</tr>
<tr>
<td>IDB</td>
<td>$12B</td>
<td>$2.3B</td>
<td>- Few reports of Covid-19 lending on the website. Loan data are retrieved from</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>press releases.</td>
</tr>
</tbody>
</table>
WHAT HAS NOT YET BEEN INCLUDED

• Actual bilateral debt relief agreements (estimated value only)
• New bilateral aid (not provided through UN pledges)
• Foundation grants made outside of the UN appeal (some of which has been fast and substantial, for example the Bill and Melinda Gates foundation)
US$48 billion has been committed to over 100 countries by the IMF, WB, regional banks, and UN.

G20 debt relief would amount to about another US$10 billion.

Most of the funds committed are loans, about 28% are on concessional terms from the WB and IMF.
US$48 billion has been committed by international organisations thus far. The largest flows are from Bretton-Woods institutions. If G20 countries follow through on their debt relief commitment, this will be about an additional US$10 billion.

Including Bilateral Debt Relief US$

- IMF, $23,333
- World Bank Group, $13,147
- Regional development banks, $10,664
- UN humanitarian appeal, $1,338
- G20 Bilateral debt relief, $9,661

Excluding Bilateral Debt Relief US$

- IMF, $23,333
- Regional development banks, $10,664
- UN humanitarian appeal, $1,338
- World Bank Group, $13,147

All amounts in US$ as of June 10.

G20 Bilateral debt relief is an estimate based on what has been promised: debt suspensions from May to December for select poor countries. However, data on the value of relief is limited, and it is not clear which countries have followed through on the promise. See annex slide for method used in calculating the value of debt relief.
MOST BRETTON WOODS FLOWS ARE LOANS. IMF COMMITMENTS ARE TWICE THAT OF THE WB.

Aggregate reflects WB/IFC, IMF loan commitments in response to Covid-19 up to June 10
Bretton Woods assistance has gone to over 100 countries, to date most has gone to Sub-Saharan Africa.

Aggregate Bretton Woods Loan Commitments: Geographic Distribution

Total Bretton Woods Loans: By Region ($US Mil)

- Sub-Saharan Africa: $13,609
- Latin America & Caribbean: $9,692
- South Asia: $8,407
- East Asia & Pacific: $6,500
- Middle East & North Africa: $5,344
- Europe & Central Asia: $3,893
- Other (i.e. world, regional): $1,039

LENDING BY REGIONAL DEVELOPMENT BANKS IS DOMINATED BY THE ADB.

African Development Bank (AfDB)

Inter-American Development Bank (IDB)

Asian Development Bank (ADB)

Regional Bank lending, US$ millions

$0 $1,000 $2,000 $3,000 $4,000 $5,000 $6,000 $7,000 $8,000

$1,535 $2,308 $6,821

All amounts in US$ as of June 14. ADB funds are tracked from website database, IDB and AfDB funds are taken from website press releases.
SO FAR, UN HUMANITARIAN FLOWS HAVE GONE TO 52 COUNTRIES (OUT OF 54 COUNTRIES TARGETED IN THE COVID-19 GLOBAL HUMANITARIAN RESPONSE PLAN).
Commitments have been made quickly. Disbursement is also proceeding apace.
Bretton Woods Loan Commitments have been mobilised quickly relative to COVID-19 impact.

WB/IFC, IMF loan commitments (excluding IMF augmented loans, CCRT in graph) as of June 10.
COMMITMENTS TO THE UN APPEAL HAVE BEEN INCREASING RAPIDLY, BUT FUNDING IS MUCH BELOW THE US$6 BILLION REQUIREMENT.

<table>
<thead>
<tr>
<th>Funding status</th>
<th>Count</th>
<th>Amount (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commitment</td>
<td>112</td>
<td>616,994,185</td>
</tr>
<tr>
<td>Paid Contribution</td>
<td>176</td>
<td>264,316,412</td>
</tr>
<tr>
<td>Pledge</td>
<td>7</td>
<td>195,390,516</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>295</td>
<td>1,076,701,113</td>
</tr>
</tbody>
</table>

As of 1st May

<table>
<thead>
<tr>
<th>Funding status</th>
<th>Count</th>
<th>Amount (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commitment</td>
<td>142</td>
<td>667,840,519</td>
</tr>
<tr>
<td>Paid Contribution</td>
<td>217</td>
<td>344,361,559</td>
</tr>
<tr>
<td>Pledge</td>
<td>6</td>
<td>3,680,037</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>365</td>
<td>1,015,882,115</td>
</tr>
</tbody>
</table>

As of 20th May

- The total amount of commitments and paid contributions increased from US$881 million on 1st of May to US$1.01 billion on the 20th of May. Many pledges became commitments or paid contributions during this time (pledges went from about 18% of the total funding to less than 1%).
- The requirement of funding went from US$2 billion to US$6 billion.
SPEED OF DISBURSEMENTS

• All new IMF loans disburse in one payment within six months of loan signing.
• Debt relief offers immediate fiscal benefits.
• WB Cat DDOs had disbursed over US$1 billion in March and April as a result of Covid-19.
• By the end of April, US$0.9 billion of new loans had been disbursed by the WB.
• UN flows to countries recorded in the financial tracking service often reflect when the money arrives in country, but it depends on the reporting agency.
THE WB HAS ACTED FAST TO DISBURSE ITS COMMITMENTS.

- Within one month of commitment, 47% of loans had given their first disbursement
- The amount already disbursed accounts for 48% of total loan value committed

DPL/DDO disbursements contribute to the high share of loan value disbursed in EAP and LAC.
IS THIS NEW OR REALLOCATED LENDING?

• The IMF emergency lending is new money, but it is harder to answer this question for development banks and UN flows. The best data available to answer it is from the WB:\(^1\):

  • **IDA:**
    • US$1.3 billion is being lent for Covid-19 support in addition to country allocations.
    • This is coming from the remaining Crisis Risk Window funds in IDA18 (about US$300 million) and other IDA windows (the private sector window and the Syrian refugees in Lebanon set-aside). To the extent that these other IDA windows were not allocated and would not have disbursed this represents new funding, but this may not have been the case.
    • US$195 million from the PEF is being disbursed through CERCs, which are not yet included here.

  • **IBRD:**
    • There was additional space for lending that was not being used (between US$4-7 billion), and this is being used for additional lending to IBRD countries.

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Flows have been directed towards economic losses rather than the places where poverty will increase most as a result of the crisis.

This could reflect the higher value of development loan flows relative to humanitarian grant flows.
EQUITY OF FLOWS

• Are Bretton Woods flows going to larger economies or countries with more poor people?
  Correlate new loan commitments (US$ flow per capita) with:
  • GDP per capita
  • Poverty rate (US$1.90 extreme poverty rate)

• Are Bretton Woods flows going to countries with a larger Covid-19 shock?
  Correlate new loan commitments (US$ flow per capita) with:
  • Covid-19 risk: projected covid deaths (Imperial College) and INFORM risk index (European Commission)
  • Estimated impact on GDP growth (WB GEP)
  • Estimated impact on US$1.90 extreme poverty rate (WB)

Notes:
Value of flow per capita is calculated for all WB classified low and middle-income countries. Total flow reflects commitments from WBG, IMF, and regional banks as of June 10. Regional averages are weighted by population.
FLOWS ARE BEING MADE TO SUPPORT LARGER ECONOMIES. THE PER PERSON FLOW IS HIGHER FOR THOSE LIVING IN RICHER ECONOMIES.
YET, IT IS LOWER FOR THOSE LIVING IN COUNTRIES WITH HIGH POVERTY RATES.

Benchmarking Commitments against Poverty Rate

Per Capita Commitments as of June 10 ($ US)

Poverty Rate at $1.9/day (2018)

BUT THIS COULD REFLECT THE LARGER IMPACT OF COVID-19 ON RICHER ECONOMIES. THE PER PERSON FLOW IS HIGHER IN COUNTRIES WITH HIGH DISEASE RISK.
THE RELATIONSHIP TURNS NEGATIVE IF WE LOOK AT THE CURRENT PROJECTED IMPACT ON HEALTH.

Benchmarking Commitments against Projected Covid Death

Benchmarking Commitments Projected Covid Death: Regional Averages

Projections as of June 21 MRC Centre for Global Infectious Disease Analysis, Imperial College London.
Country scatter excludes Brazil and India.
PER PERSON FLOWS ARE LARGER FOR COUNTRIES WITH A LARGE ESTIMATED IMPACT OF COVID-19 ON GDP GROWTH.
HOWEVER, PER PERSON FLOWS ARE NEGATIVELY CORRELATED WITH THE ESTIMATED IMPACT OF THE COVID-19 CRISIS ON POVERTY.

Benchmarking Commitments against Estimated Impact on Poverty

World Bank estimates.
Lending is the primary source of flows and the poverty impact is higher in countries that are less able to borrow:

- Higher risk of debt distress, results in lower ability to borrow, even at concessional rates.
- Lower levels of concessional lending are available for WB lending to poorer countries:
  - The Covid-19 allocation methodology is to lend 0.1 percent of GDP (within minimum and maximum allocations)
  - IDA is the source of concessional lending by the WB, but the crisis occurred four months before the end of IDA-18 when there were few funds remaining to commit. The ability of IBRD to increase lending to countries was higher given actual IBRD lending was well below the IBRD lending ceiling. As a result, planned and actual Covid-19 lending was skewed more towards IBRD countries than the annual portfolio.

### IDA/IBRD composition of WB lending (percent)

<table>
<thead>
<tr>
<th></th>
<th>2019 lending</th>
<th>Covid-19 plan</th>
<th>Covid-19 actual*</th>
</tr>
</thead>
<tbody>
<tr>
<td>IDA</td>
<td>49</td>
<td>32</td>
<td>30</td>
</tr>
<tr>
<td>IBRD</td>
<td>51</td>
<td>68</td>
<td>70</td>
</tr>
</tbody>
</table>

* Counting all Covid-19 lending to blend countries as IDA
THE COUNTRIES WHO TAKE ADVANTAGE OF THE LENDING ALLOCATION TEND TO BE THE ONES WHO USUALLY BORROW.

A positive trend arises from comparing Covid-19 loan commitments against average WB loans and grants from 2016-2018. The countries who see more commitments now are those who have seen more in the past.
HUMANITARIAN FLOWS ARE DIRECTED TO POORER COUNTRIES NOT BIGGER ECONOMIES.
AMONG COUNTRIES SELECTED FOR ASSISTANCE THERE IS A WEAK CORRELATION BETWEEN SIZE OF HUMANITARIAN FLOWS AND THE ESTIMATED IMPACTS OF THE COVID-19 CRISIS.
METHODOLOGICAL ANNEX
NOTE ON BILATERAL DATA AVAILABILITY & ESTIMATION

• There does not exist a real-time centralised reporting system of debt service for all countries. The IMF quarterly GDDS is an attempt in the right direction, but its coverage is limited as only 20-50 countries voluntarily submit reports at a time.

• Furthermore, no disaggregated data exists for debt repayment by creditor type – these data are also not reported by the respective Central Banks.

• To capture the scope of bilateral debt service relief as announced by the G20, we use the latest (2018) International Debt Statistics report to estimate bilateral share of total debt repayment, projected for 2020.

• A description of methodology is as follows:
  • A) Calculate the 2018 share of the total "public and publicly guaranteed debt from" "official creditors" that is "bilateral" and assume that all bilateral debt is from G20 countries.
  • B) Take the total "public sector" debt repayment (principle and interest).
  • Estimate the total annual debt repayment for bilateral loans by multiplying A) and B).
  • Estimate bilateral debt repayment for May-Dec by taking proportional monthly share.
  • Key assumption: interest and repayment schedule is constant across different types of debt.
WB loan commitments are tracked in the following manner:

**New projects reported in project database**
- Track all loans starting from date of first Covid-19 loan approval (April 2, 2020)
- Label each loan as Covid-emergency-health, non-Covid, or Covid-budget-support
- Check for consistency against WB press release list of countries receiving support

**Cat DDOs**
- Track all active Cat DDOs
- Count disbursement amount in March and April (latest data available) as commitment

**Repurposed funds from existing loans**
- Identify projects from WB list of countries receiving support
- Exclude any already counted under new loan
- Record commitment amount as given in project-specific press release; these specify direct use for Covid-19
- Loans without press release specifying amount repurposed for Covid-19 are tracked using April disbursement figures

**IFC lending**
- Identify all new loans that are Covid-19 related
- Thus far, no way to include loans that are provided as additional finance to existing borrowers