FUNDING COVID-19 RESPONSE: TRACKING GLOBAL HUMANITARIAN AND DEVELOPMENT FUNDING TO MEET CRISIS NEEDS

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Abstract

Over the course of the last year, since the declaration of covid-19 as a pandemic, we have tracked funding to low- and middle-income countries that has gone through the multilateral system: humanitarian funding in the United Nations (UN) system and development funding from the International Monetary Fund (IMF), World Bank Group (WBG), and regional development banks. In this paper we document the methods used to track this funding, and what we have learned about the funding of crisis response. A main lesson is that we do not just need more money—we need a different approach to funding disasters. An approach that involves more financial preparedness and planning for crisis response before crises occur, and one that relies less on a country's ability to borrow in the time of a crisis. In the absence of such an approach, although the global funding response to covid-19 has been substantial and quicker than previous crises—US$125 billion, 64% of which disbursed—it has been highly inequitable in its allocation across countries, and has arrived after people have incurred costs. Countries that are expected to see the largest increases in extreme poverty have received US$41 per capita, compared to US$108 per capita in countries with minimal extreme poverty increases. Except for pre-allocated funds, which made up only 2% of total commitments, nearly all funding arrived after households started losing income and reducing consumption in April 2020. While we hope a future pandemic of this scale is not seen again, future crises are a certainty. This work highlights important lessons about how multilateral institutions prepare for them.

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About the Centre for Disaster Protection

The Centre for Disaster Protection works to find better ways to stop disasters devastating lives, by supporting countries and the international system to better manage risks. The Centre is funded with UK aid through the UK government.

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ACRONYMS AND ABBREVIATIONS

ADB	Asian Development Bank
AfDB	African Development Bank
Cat DDO	Catastrophe Deferred Drawdown Option
CCRT	Catastrophe Containment and Relief Trust
DAC	Development Assistance Committee
DOD	debt outstanding and disbursed
EBRD	European Bank for Reconstruction and Development
ECF	Extended Credit Facility
EFF	Extended Fund Facility
FCL	Flexible Credit Line
GHRP	Global Humanitarian Response Plan
IADB	Inter-American Development Bank
IATI	International Aid Transparency Initiative
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IFC	International Finance Corporation
IFI	international financial institution
IMF	International Monetary Fund
IsDB	Islamic Development Bank
ODA	official development assistance
OECD	Organisation for Economic Co-operation and Development
PEF	Pandemic Emergency Financing Facility
RCF	Rapid Credit Facility
RFI	Rapid Financing Instrument
SBA	Stand-By Arrangement
SCF	Standby Credit Facility
SDR	special drawing rights
UN OCHA	United Nations Office for the Coordination of Humanitarian Affairs
WBG	World Bank Group

INTRODUCTION

The global outbreak of covid-19 has required a concerted response by the international community. During the first year of the crisis, we tracked funding for this response.[6,7] Specifically, we tracked funding from multilateral development and humanitarian actors for response in low- and middle-income countries.[8]

This work had two objectives. First it aimed to show quickly what worked well and what did not in terms of financing the response to the crisis, and where the biggest gaps were to be found. This work was published in real time through blogs and an online Tableau website, and, in this working paper, we summarise the year's findings. We also hope that the method we developed to track funding against a specific crisis (using publicly accessible data) proves useful for tracking funding in other crises and highlighting data gaps.

Second, the work provided the data and analysis needed to assess the gaps and overlaps in the current system of crisis finance. It is challenging to link international financial flows to specific crises in existing databases. This has made it difficult to provide a comprehensive assessment of adequacy. Tracking a specific crisis— one that has put the most stress on the international aid infrastructure—allowed the gaps in the current system to be better quantified. Undertaking this analysis is the first step in informing what needs to change in order to have an international crisis financing system that works for the poorest countries.

We found that in the first year of crisis response, US$125 billion was committed to low- and middle-income countries through the multilateral system, and 64% of committed funds had been disbursed by the end of January 2021.[9] It is hard to compare this to previous crisis response given this tracking work has not been completed for a crisis before, but from the data available on previous crises, the response appears substantial and fast. The combined international financial institution (IFI) response to the global financial crisis in 2008-9 was about US$104 billion, which includes funds going to high-income countries too, which are sizeable and have been excluded from our analysis (World Bank and IMF 2009). A review of the Crisis Response Window of the World Bank found that, on

6 Taken from the date the World Health Organization declared a pandemic (11 March 2020).

7 https://www.disasterprotection.org/funding-covid-19-response

8 Based on classifications in the World Bank list of economies (June 2019).

9 March 2020 to February 2021.

average, the first disbursement does not occur until 398 days after the crisis (Spearing 2019).

However, although the global funding response to covid-19 was substantial and quicker than previous crises, it was highly inequitable and not fast enough. Countries that are expected to see the largest increases in extreme poverty received US$41 per capita, compared to US$108 per capita in countries with minimal extreme poverty increases. Also, with the exception of some pre-allocated funds (contingent funds that were already allocated and approved to go to specific countries in the event of a crisis), almost none of the funding had arrived by the time the development costs of the crisis emerged in April 2020. Pre-allocated funds made up only 2% of total commitments.

Covid-19 has demonstrated, more than ever before, the weakness of our current begging bowl approach to funding disasters, where the money is found after a disaster strikes and is given in a discretionary manner. Large amounts of money have been given at great speed, but it is not enough. And when everyone is in need at the same time, the lack of a pre-agreed plan results in an inequitable allocation of funds.

An additional outcome of this work is to contribute to developing methodologies to better track funding for disaster response. While the global scale of the development impact from covid-19 is unique, at a country level the financing challenge it poses is the same as the challenge posed to countries by a large-scale climate or health crisis that cause a sudden loss of income or increased spending need. Recent reports have highlighted the challenge of tracking financing to meet such crisis needs (Weingärtner 2019; Poole, Clarke, and Swithern 2020; Development Initiatives 2020). Given incomplete reporting, analysis identifies total funding to countries that are defined as disaster-affected (Becerra, Cavallo, and Noy 2015) or in crisis (Development Initiatives 2020) without the ability to assess what funding arrived as part of response. Reporting on funding in real time is even more challenging, as not all databases are updated in real time.

Specifically, because of the global scale of the covid-19 crisis, some institutions developed overviews showing their response—but many only became available some months into the crisis. Since the work undertaken as part of tracking covid-19 response funding started much before that, it offers some indications on how to tag and track funds for disaster response in a crisis. It is hoped that future analysis can build on this to provide a framework for consistently reporting disaster response funding in real time.

In the following sections we detail the methodology used for tracking funding flows and the main findings, before concluding with thoughts on implications for crisis finance and crisis finance tracking.

SECTION 1

METHOD

Tracking funding for crises is not as straightforward as might be expected. The official mechanism for reporting official development assistance (ODA) through the Organisation for Economic Co-operation and Development (OECD) Development Assistance Committee (DAC) does not tag funding per individual crisis event. Although disaster response funding is tagged, it cannot be attributed to a single event.[10] Analysis of crisis response funding therefore requires an assumption that all disaster response funds received by a country during the course of a year are part of the response to a single event, which is challenging when a country experiences multiple crises. An additional challenge to tracking financing as a crisis unfolds is that detailed information on funding flows is not captured in the DAC's online database until the end of the following year. Data on funding flows in 2020 will only become available in December 2021.[11] Annual data on flows would also not allow us to examine the timing of response commitments and disbursements—a key focus of this paper.

Donors self-report to two databases in real time that can help fill this gap. One is the International Aid Transparency Initiative (IATI) and the other is the United Nations Financial Tracking Service (FTS). IATI is a global initiative designed to increase aid transparency by increasing what and how donors report. It covers both development and humanitarian financing and is potentially a useful resource for this work. We did not use IATI because it is not currently complete.[12] However, as reporting through IATI becomes more complete we think this will be a powerful tool for tracking disaster response funding in real time.

FTS is also a self-reporting service, but it covers the majority of funding that passes through UN-administered funds and agencies with a humanitarian mandate, providing a near-complete picture of humanitarian financing. It does not cover financing from development banks or the International Monetary Fund (IMF).

For development actors, given the lack of comprehensive tracking service, tracking was carried out on an institution-by-institution basis using online databases, and corroborated by press releases. Annex 1 provides a detailed summary by institution, including links to the sources of data and the decisions made, in order to develop a consistent database of financing across institutions.

In this section we detail the decisions on the scope of tracking and classification of funds that we report on as these have implications for our findings.

10 Specifically, the relevant codes are for: emergency response; reconstruction, relief and rehabilitation; and disaster prevention and preparedness.

11 http://www.oecd.org/development/financing-sustainable-development/development-finance-standards/

12 http://www.publishwhatyoufund.org/wp-content/uploads/2017/07/IATI-visibility-discussion-paper.pdf

1.1 Scope

We tracked funding from the IMF, the World Bank Group (WBG), the Asian Development Bank (ADB), the Inter-American Development Bank (IADB), the African Development Bank (AfDB), the Islamic Development Bank (IsDB), the European Bank for Reconstruction and Development (EBRD), funding going through the UN COVID-19 Global Humanitarian Response Plan (GHRP) and any other funding going through a UN agency that was tagged as covid-19 response in FTS.[13]

We only considered flows to low- and middle-income countries, which means that any lending to high-income countries is excluded from our analysis.

We estimated the value of bilateral debt repayment suspension agreed to as part of the G20, but we did not track agreements on this as information was not always easy to obtain.

We did not include any new bilateral aid that was not provided through UN pledges. In general, this tends to be a very small part of crisis response funding. We also did not include foundation grants that did not go through a UN agency. In 2020 there was more than US$20 billion in private philanthropic flows in response to covid-19. This includes funding by corporations, foundations, public charities, and individuals (Candid and the Center for Disaster Philanthropy 2021). Although we know that some of these flows were fast and substantial, for example grants made by the Bill & Melinda Gates Foundation, tracking these would be very time-intensive as it would require consulting websites and reports per individual donor. Some of these donors report to FTS, but as the reporting is not complete, we chose to omit it altogether.

In each case, we tracked flows that can be considered part of the covid-19 response of these organisations. We included anything that is directly funding covid response or that is going as direct budget support that could count towards funding covid response. We considered including only budget support that mentioned covid in its supporting documentation, but the reality is that all new budget support made reference to the covid crisis in its documentation. We did not include ongoing disbursement of existing non-covid related loans, nor did we include new loans that are made that have no link to covid response. We also excluded new and existing humanitarian appeals for other crises. We note that this says nothing about the additionality of these resources (or whether these resources have been provided at the expense of cuts or delays to regular programming). However, funds are not fully fungible in the short run, so we think our approach gives a good approximation of the funding available for covid response.

Table 1 summarises the institutions and flow types included.

13 In terms of the WBG, we tracked funding from the International Finance Corporation (IFC), the International Development Association (IDA) and the International Bank for Reconstruction and Development (IBRD).

1.2 Grant element of loan

An objective of the exercise was to provide information on what is available for disaster response. For this reason, much of the analysis reports the face value of the flow—in other words the loan amount for loans and the grant amount for grants. However, grants and loans have a different value to the recipient, so to consider this we also examine which loans were concessional and calculate the grant element of concessional lending.

Some financing provided by IFIs (IMF, WBG, and regional development banks) is provided as grants—financing that does not have to be repaid to the lender. Funding from IMF's Catastrophe Containment and Relief Trust (CCRT) fund is one example of this. Another example is the project financing provided by the World Bank in countries under high debt distress.

Additionally, much financing provided to low- and lower-middle-income countries by IFIs is provided in the form of concessional loans—loans with more favourable terms than can be obtained in the market. These favourable terms mean these loans essentially have a grant element. This grant element can come about from a grace period on repayments (a period where no repayments are made), a low to zero interest rate, altering the number of repayments made per year, and altering the period the loan is repaid over (referred to as the loan's maturity).

Calculating this grant element provides information on the full extent of grant funding that has been made available to low- and middle-income countries. The method used to calculate this is provided in Annex 2. However, we were only able to do this for the IMF and World Bank as we could not access the full terms of financing for regional development banks.

1.3 Definitions

Funding starts with pledges of support, but this can cover support over many months, and is not at the point of a binding commitment to a country of specific support. It is possible that pledges might never materialise. We therefore focus on commitments—money that has been allocated to a specific country for a specific purpose, and is 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; it does not look at how and when the money was spent in-country. Throughout the analysis we think of commitments as referring to 'money on the way'. And disbursements as 'money that has arrived'.

However, even when using these common definitions, commitments and disbursements have a different meaning in the UN system where the disbursing institution is a UN agency or NGO, than they do for development banks and the IMF, which transfer money to country governments. For UN flows we count 'commitments' as commitments that have not disbursed. The approval date is counted as the commitment date for paid contributions (or the first day of the same month as the flow month if no approval date is recorded). We count 'paid contributions' as disbursements.

For our analysis on the speed of disbursements, the flow date is used as the timing of when these paid contributions disbursed. A large number of flows do not record both the commitment date and the paid approval date in the FTS. The difference between 'disbursement' across IFIs and humanitarian institutions needs to be kept in mind when analysing the data.

Commitment data is more readily accessible across institutions. Disbursement data is harder to track and was unavailable for AfDB, EBRD, IADB, IsDB or IFC. Disbursement data is available for the World Bank (IDA and IBRD), IMF, ADB and UN. Disbursements are tracked until the end of January 2021 as there is some lag in reporting. All told, we are only able to track disbursement for 82% of the value of the commitments we record (92% of the number of commitments).

CHAPTER 2

FINDINGS

2.1 Size and type of flows

Substantial new funds have been committed in response to the covid-19 crisis—US$125 billion has now been committed by the multilateral organisations we tracked.[14] The commitments that we can track disbursements for show that a sizeable portion has been disbursed (64%). However, this is not enough given the extent of the need, and although initial commitments were mobilised quickly, the pace of new commitments slowed in the second half of the year (Figure 1).

Most of this funding was in the form of loans: 92% of funds committed. The estimated grant element of concessional loans is 5% of funds committed (Figure 2).

The IMF committed the largest share of funds—US$50 billion—amounting to 40% of total funding (Figure 3). This reflects well the role of the IMF as a crisis lender.

WBG and the regional banks were the next biggest sources of financing (Figure 3) committing 29% and 27% of total funds, respectively. Among the regional banks, ADB committed the largest amount of financing. The UN system committed only a small portion of the response financing (4%). Commitments to the UN GHRP remained well under the US$10 billion target.

When considering pure grant financing, the UN system has a larger share: 45% of grant funding flowed through the UN system. Yet still the majority of grant funding is flowing through IFIs. When the grant element of concessional financing from the World Bank and the IMF is considered, IFIs account for 73% of grant financing.

Although crisis response is often synonymous in minds with humanitarian response, this analysis shows the importance of IFIs. The role of IFIs is referred to in discussions on the humanitarian-development nexus but it has not been quantified before. The role of IFIs is larger than anticipated. Case studies presented in Weingärtner (2019) also point to this being the case.

A key question is whether this is 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.

We considered this question in relation to the World Bank. This is because World Bank board documents provide an insight into the reallocation of funds during the early days of the crisis, and analysis by Duggan *et al.* (2020) specifically focuses on the question of additionality of World Bank funding through an analysis of total disbursements during the first six months of the crisis.

The World Bank's 'Proposal for a World Bank COVID-19 response under the fast-track COVID-19 facility' submitted to the board in March 2020 outlined US$1.3 billion being lent for covid-19 support in addition to country allocations.[15] This came from the remaining Crisis Response Window funds in IDA18 (about US$300 million) and other IDA windows (the private

14 G20 debt relief would amount to about another US$10 billion, had all eligible countries taken up the offer of a suspension of debt repayments from May to December 2020.

15 http://documents1.worldbank.org/curated/en/260231584733494306/pdf/Proposal-for-a-World-Bank-COVID-19-Response-under-the-Fast-Track-COVID-19-Facility.pdf

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. In addition, US$195 million was disbursed from the Pandemic Emergency Financing Facility (PEF), about half through World Bank projects, and about half through the UN system. From July 2020 IDA19 funds became available and lending was frontloaded to the extent that an IDA20 replenishment was announced in early 2021, more than a year ahead of schedule. In the case of IBRD, there was additional space for lending that was not used (US$4 billion–US$7 billion), and this has been used for additional lending to IBRD countries.

Duggan *et al.* (2020) examined this question by comparing total World Bank commitments and disbursements during the first six months of covid-19 response to commitments and disbursements during the same period the year before.[16] They found that both IDA and IBRD commitments and disbursements increased: commitments by 200% and 87% for IDA and IBRD respectively, and disbursements by 46% and 37%. This suggests there were some additional funds made available as part of covid response. However, this estimated year-on-year increase in the first six months of response is US$8 billion, compared to our estimated covid-response of US$23 billion during this period. Although our analysis included IFC funding while Duggan *et al.*'s study does not, this is not a large share of commitments and the difference highlights well that not all covid response funding is additional. Some response funding comes at the cost of less funding for other development projects.[17]

2.2 Equity: Has funding gone where it is needed?

Flows were directed to all countries (Figure 4). This is true for both development and humanitarian funding. In absolute terms, sub-Saharan Africa received the most funding (Figure 5).

More funds were directed to countries with higher initial gross domestic product (GDP) per capita and fewer funds were directed to countries with higher initial extreme poverty rates (Figure 6).

In order to assess whether flows went to places where need is greatest, we correlated new loan commitments in US dollars per capita with covid health risk using the INFORM covid risk index), the expected impact of covid on GDP growth using projected growth impacts measured in the June 2020 World Bank Global Economic Prospects report, and the estimated impact of covid-19 on the US$1.90 poverty rate from Lakner *et al.* (2020). Results are presented in Figure 7.

We see that more funds were targeted towards countries with the highest covid risk and with higher economic losses. This suggests that funds were targeted to need. However, a strongly contrasting picture emerges when looking at expected poverty increases. Less funding went to countries where poverty will increase most as a result of the crisis (the unconditional correlation suggests about a 10% decrease in funding for every percentage point increase in poverty— this correlation is significant at 5%). This reflects the fact that these tend to be poorer countries and their access to crisis financing has been more limited.

It is becoming increasingly clear that we are losing a decade of progress against extreme poverty because of covid-19, yet funds are not being allocated to address it. Countries where it is expected that poverty will increase the least as a result of covid-19 (an increase in extreme poverty of half a percentage point or less) have received US$108 per capita compared to US$41 per capita in countries where poverty is expected to increase the most (an increase in extreme poverty of 2 percentage points or more).

The multilateral system exists to meet many objectives. Mitigating GDP losses to stave off economic suffering and ensure global financial stability is one of them, and the analysis suggests that this goal is being relatively well met. However, this analysis shows that it is not effectively meeting another of its goals—to reduce extreme poverty and protect the lives and welfare of the poorest global citizens. Meeting this objective requires both concerted action now to address the inequities in funding flows that have emerged, and also rethinking how the multilateral system delivers crisis response.

16 Although they take 1 February 2020 as the start date, which seems premature.

17 Their analysis also looks at whether the increase in commitments and disbursements during covid has been big enough compared to need by looking at whether it is larger than the increase during the last big global shock: the 2008-9 global financial crisis. They find that while IDA scaled much more considerably in the first six months of the covid crisis (reflecting the fact that the covid-19 shock was much larger for IDA countries than the 2008-9 crisis), the increase in IBRD was about half of that during the global financial crisis.

The limited ability of the multilateral system to deliver funding to countries with the largest poverty increases is driven by the nature of funding provided. Funding is mostly given as loans. Poorer countries are much more likely to be in debt distress, so cannot borrow, and need to rely on grants to meet needs. Grant funds are not enough for the poorest countries.

Countries that are seeing large increases in poverty need to be able to borrow to meet the urgent needs they face today. Failing to meet those needs today will have long-run development costs. There is thus a strong rationale for borrowing to meet those needs today and this points to the urgent need for debt relief for countries in debt distress.

Going forward this work highlights a key design challenge for the international system of crisis response. When loans form a large share of the financing for crisis response, the amount available to countries in a crisis will be determined by the amount they are able to borrow, even if grant financing is allocated equitably. A country in debt distress will always have to take grant financing as a grant, while a country that is able to borrow will be able to take grant financing as the grant element of concessional lending. Countries that are able to borrow will thus always have more budget space in a crisis. Addressing this challenge requires rethinking the system of crisis response.

Aid money that is given as grants was quite well targeted to the countries where poverty increases are expected to be largest. This is also true for aid money that makes the cost of borrowing cheaper (the grant element of concessional lending). But Figure 8 shows that there is room to improve targeting. For example, only 49% of the UN GHRP for covid-19 went to countries where poverty is expected to increase the most. And these hardest hit countries only received 49% of all grant elements of World Bank concessional loans. We note that the performance of the regional banks very much depends on the composition of their borrowers—many of AfDB's client countries have experienced large increases in poverty as a result of the crisis while few of ADB's client countries have.

Inequity in the allocation of grant funding could reflect the need to quickly make *ad hoc* allocation rules during the crisis. For example, the World Bank response plan had the covid-19 allocation for the first phase of the response at 0.1% of GDP (within minimum and maximum allocations), which resulted in less being available in absolute terms per capita in poorer countries. It could also reflect constraints on IDA lending as a result of the timing of the crisis: the crisis started four months before the end of IDA-18 when there were fewer funds left 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 (Table 2).

Need is not the only determinant of response. A review of official bilateral rescue lending over two centuries during times of crises and disasters pinpoints economic exposure (trade and banking linkages), political alignment (UN voting history), distance, and cultural ties (former colony) as deterministic of funding allocation (Horn, Reinhart, and Trebesch 2020). We considered the role of ties in predicting allocation of covid-19 response funds.

First, we examined whether allocations made by the IMF and WBG during the crisis can be predicted by how engaged a country was with the World Bank prior to the covid-19 crisis. We measured this by total funds received between 2016 and 2018. We found that the relationship between past World Bank loan support and covid response funding from the WBG and IMF is positive (Figure 9). Examining this in a regression framework shows that the positive correlation is significant and remains positive and significant even after controlling for measures of need during the crisis (Table 3). The countries that took advantage of their lending allocations tend to be those that borrowed from those institutions in the past.

Second, we examined whether funding of covid response through the UN GHRP can be predicted on the basis of past ODA allocations. Again, a positive relationship was observed (Figure 10) that remains significant after controlling for other measures of need during the crisis (Table 4). This shows that the strength of a relationship is a strong predictor of flows, not just need.

2.3 Timeliness: has funding arrived quickly?

Financing was committed and disbursed faster than in previous crises. Nearly 70% of the US$125 billion in total response funding was committed in the first four months of the crisis (Figure 1) and 42% was disbursed (considering the funds for which we can track disbursements). After the first four months, in which the institutions reacted to the immediate, huge impacts caused by national lockdowns, the pace of commitments slowed substantially but nevertheless increased steadily.

All institutions were similarly quick at committing resources, but there are some differences: the IMF and regional banks both committed 72% of their response funding in the first four months. The UN system committed 64% of its funding and WBG only 61% (Figure 12).

The differences across institutions are starker when considering disbursement speed. In the first four months, the IMF disbursed 54% of its total response funding, and ADB (the only regional bank for which we can track disbursement) disbursed 53%. In contrast, the UN disbursed 33% of its total response to date in the first four months, and the World Bank only 20% (Figure 12).

Part of the difference across IFIs reflects differences in disbursement speed across the type of funding instrument used (Figure 11). Budget support is much quicker at disbursing than project financing and this makes up nearly all of the financing from the IMF (the rest being debt relief) but only part of the financing from the World Bank. Taking budget support out of the equation, disbursement looks much less impressive. Only 13% of total funds were disbursed in the first four months.

Although budget support is quick, it is not clear how quickly it is used by the recipient government in disaster response, if at all. Measuring speed in budget support is thus not the same as measuring speed in project financing where funds are transferred once procurement plans are in place. Budget support is also less available to poorer countries with weaker institutions.

The slow disbursement of funds against a plan, and the uncertainty of whether funds reach households at all when there is not a plan, point to a real challenge. Better country preparedness for crisis response, and financial instruments that pre-finance this response, are essential.

Despite these differences, in general, the response to covid-19 compares well to other crises. It was, for example, much faster than the speed of crisis financing documented in a review of the World Bank's Crisis Response Window in which the average number of days from shock to first disbursement was 101 or 183 days for a health (Ebola or cholera) emergency, and 398 days on average across all crises (Spearing 2019).

This was still not fast enough, however. Households needed immediate support in April. Lockdowns had an immediate and large impact on the incomes of poor households. In April, household incomes declined by an average of 75% among survey respondents in urban Bangladesh (BRAC 2020), and 80% of survey respondents in Nairobi reported partial or total income losses (Population Council 2020). Egger *et al.* (2021) document that this was not just in urban areas: across countries, geographies and socioeconomic groups, employment and income losses were reported between April and July on a large scale. Using harmonised surveys from 40 countries, the World Bank reported that 36% of households worked less during April to July, and 62% of households reported lower income (Sánchez Páramo and Narayan 2020). This resulted in an immediate reduction in consumption for many households, from as early as April. The World Bank surveys show 16% of households report at least one adult going without meals for a full day. Some governments have some flexibility in budgets and may not need immediate funds to provide immediate assistance, but this is not always the case.

The instruments that disbursed the most in April were catastrophe-contingent loans that had been put in place in advance of the crisis, such as the World Bank's Catastrophe Deferred Drawdown Option (Cat DDO) (Figure 11). Because of this, pre-agreed financing, which here also includes the PEF, was much faster than financing put in place after the crisis. (Although the PEF did not start disbursing until May, it is a small share of pre-allocated funds.) However, only 2% of total covid response came from pre-agreed financing.

CHAPTER 3

CONCLUSION

This analysis has shown that the global funding response to covid-19 has been substantial and quicker than previous crises: US$125 billion, 64% of which was disbursed in the first year of the crisis. However, the scale of the crisis means that, although this amount is sizeable, it likely does not get close to meeting needs, and more funds are needed.

However, the analysis has also shown that it is not just more money that is needed. We also need a different approach to financing disasters—one that involves more financial preparedness and planning before a crisis occurs. In the absence of this, the covid response has relied on a country's ability to borrow in the time of a crisis. This has resulted in a highly inequitable response, and funding that has arrived after people have incurred costs. Countries that are expected to see the largest increases in extreme poverty received US$41 per capita, compared to US$108 per capita in countries with minimal extreme poverty increases. Except for pre-allocated funds, which made up only 2% of total commitments, almost none of the funding arrived by the time households started losing income and reducing consumption in April.

Debt relief and better targeting of grant funding are essential to increasing funding available to countries that are experiencing the largest increases in extreme poverty.

While we hope a future pandemic on the scale of covid-19 is not seen again, future crises are a certainty. This work highlights that we need to move away from the begging bowl approach of finding money for disasters only after they happen. Decisions made in the midst of a crisis are often not the best decisions, and there is a need to prepare for future crises with appropriate financing products and equitable allocation rules to be used when crises occur.

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FIGURES AND TABLES

Figure 1: Timing of commitments and disbursements

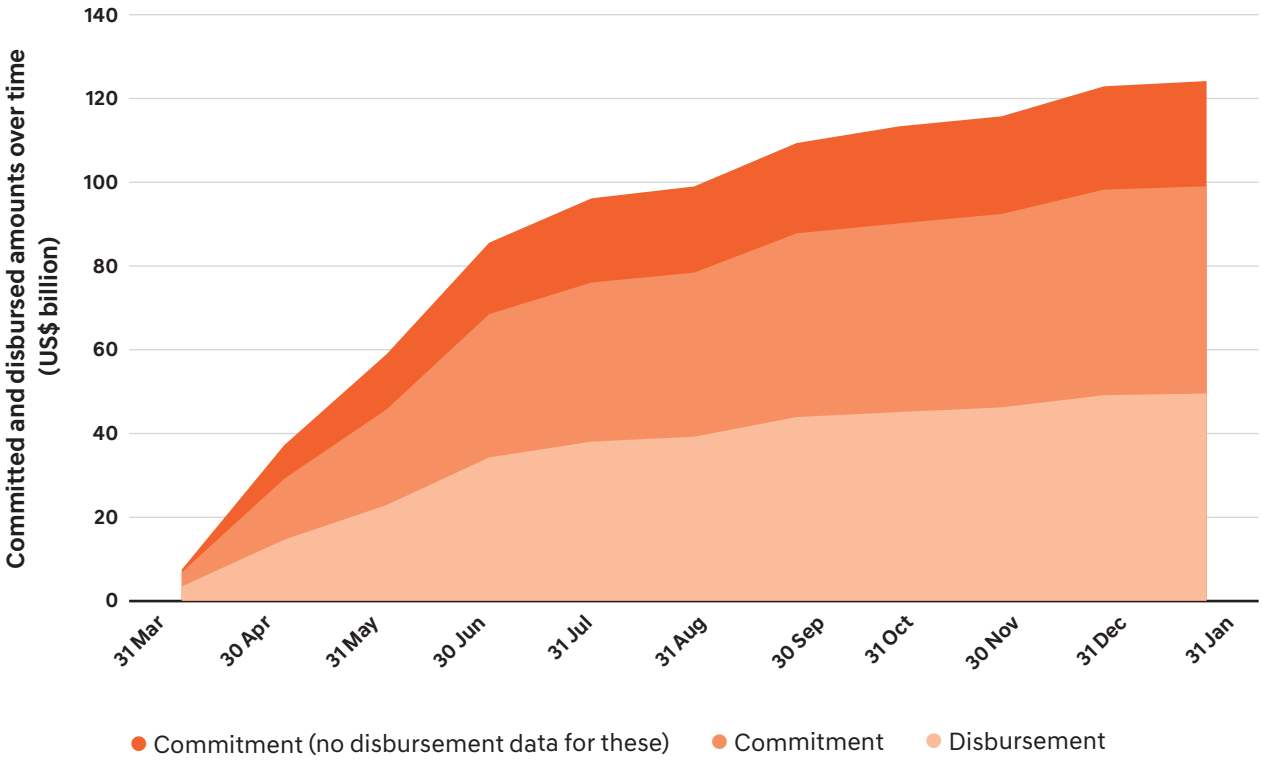


Figure 2: Share of funding as loans, grant element of concessional lending, and grants

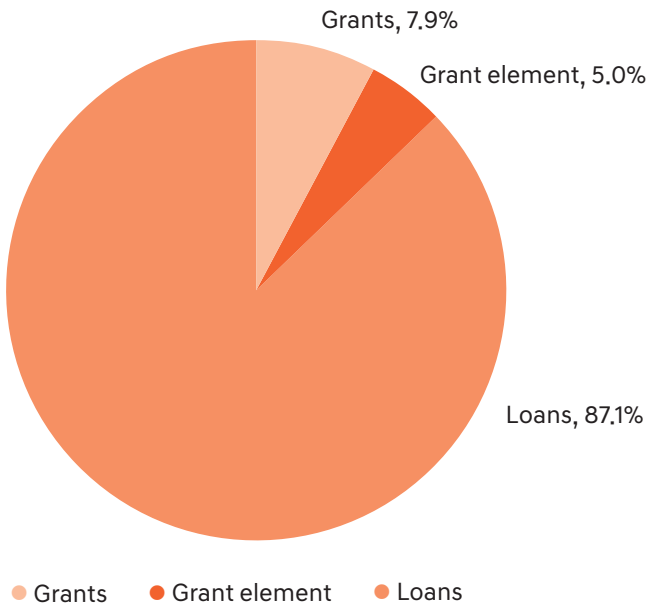


Figure 3: Funding from different organisations

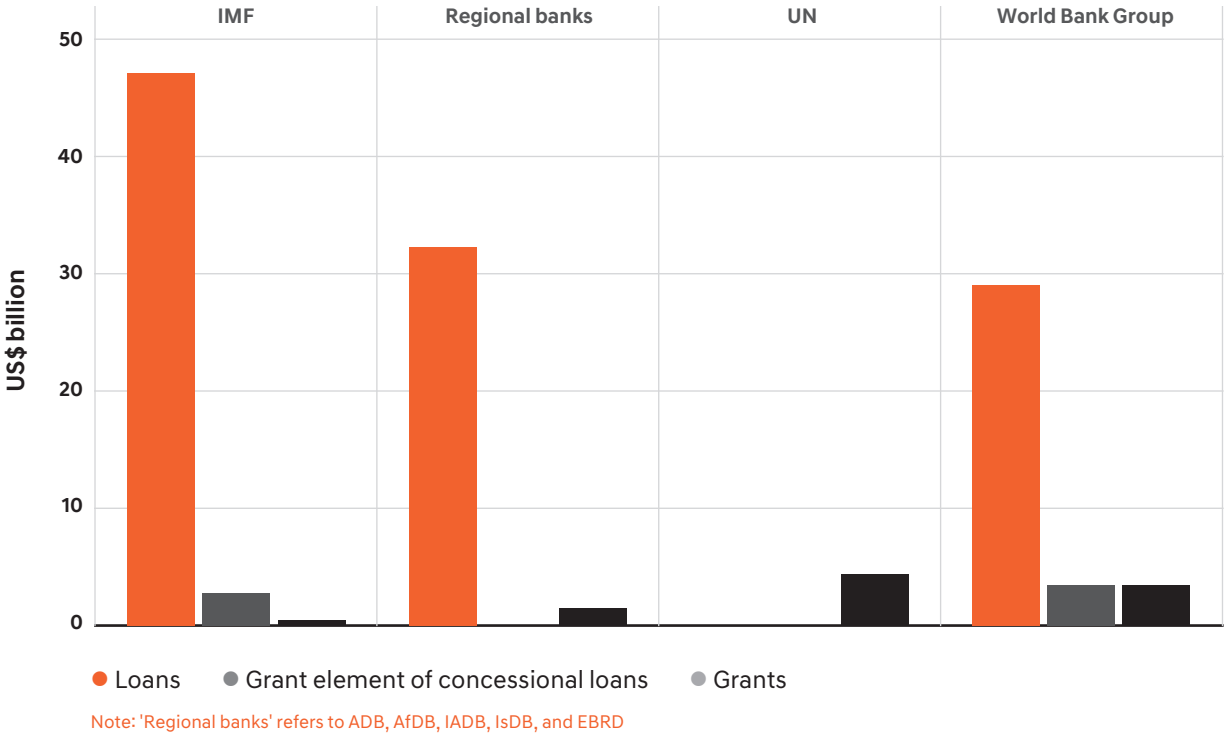


Figure 4: Total funding per capita by country (US$)

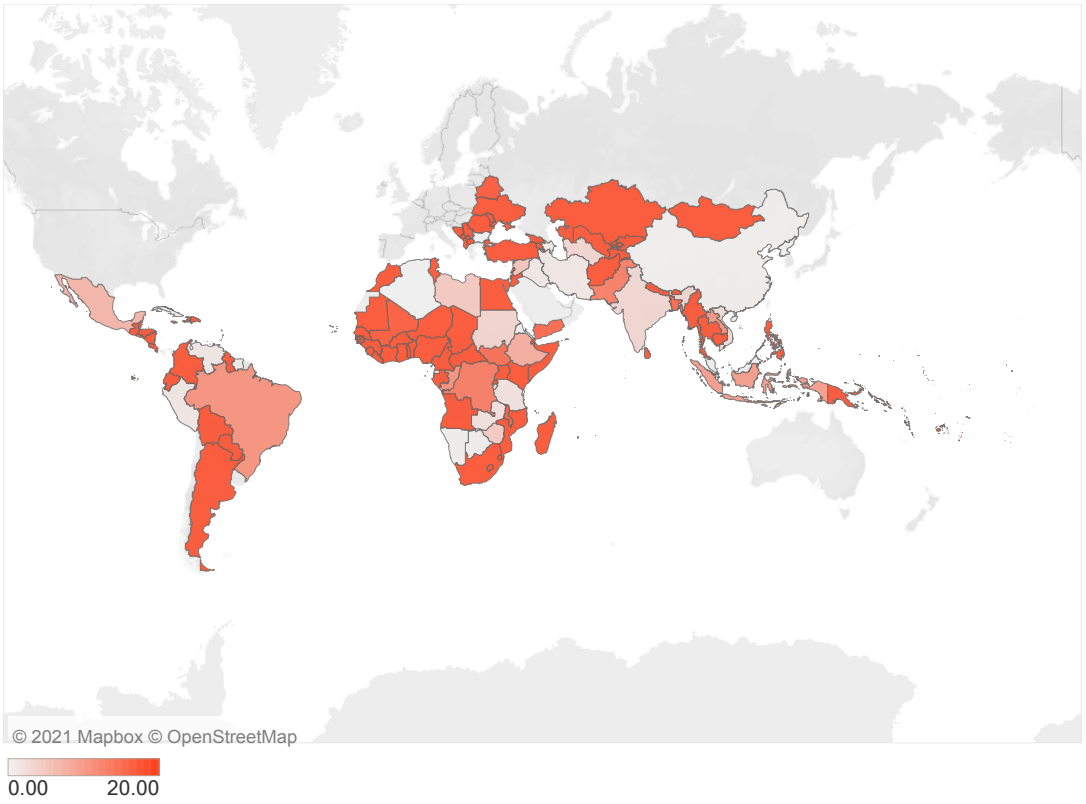
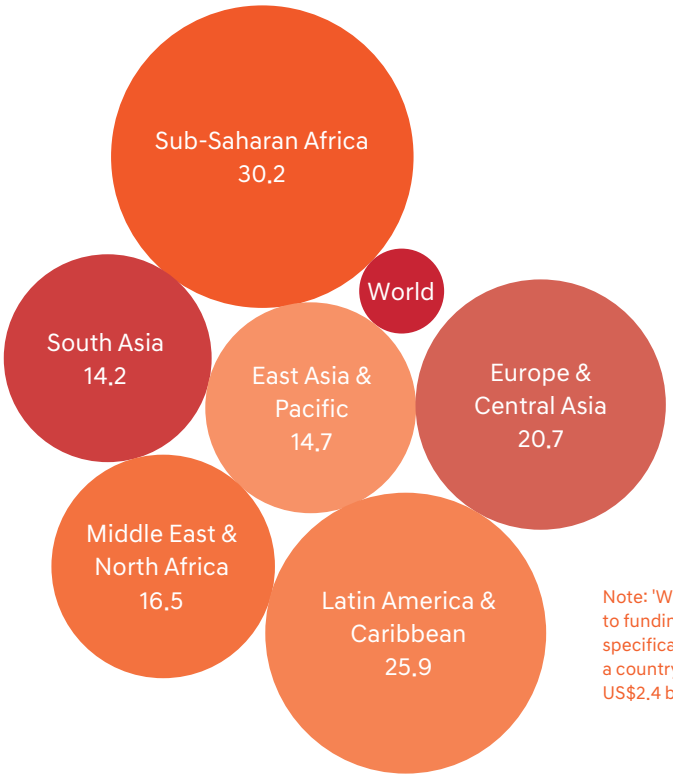
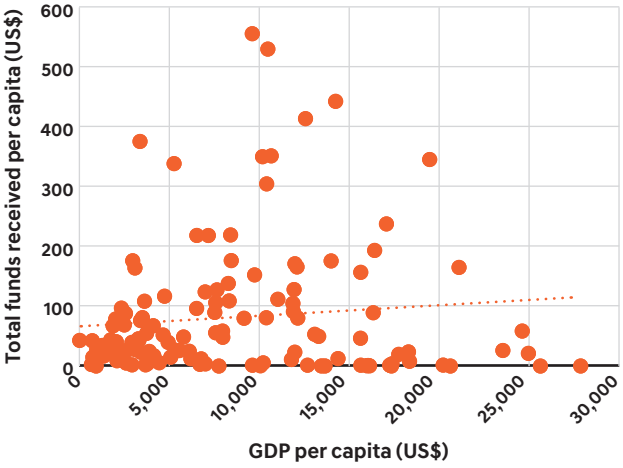


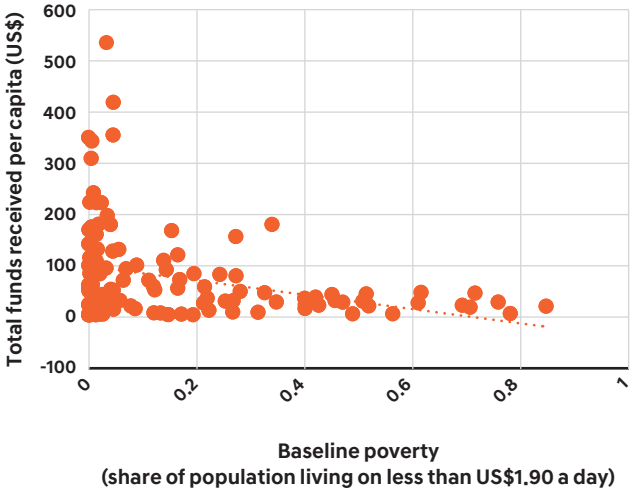
Figure 5: Total funding committed by region (US$ billion)



Note: 'World' refers to funding that is not specifically attached to a country. It represents US$2.4 billion in funding.

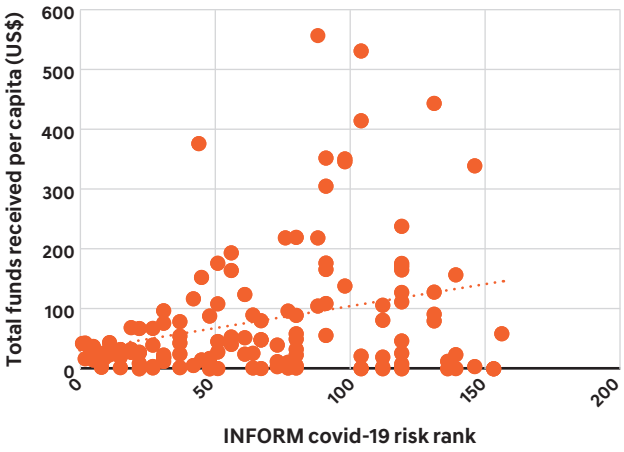
Figure 6: Total funding per capita by initial GDP per capita and extreme poverty

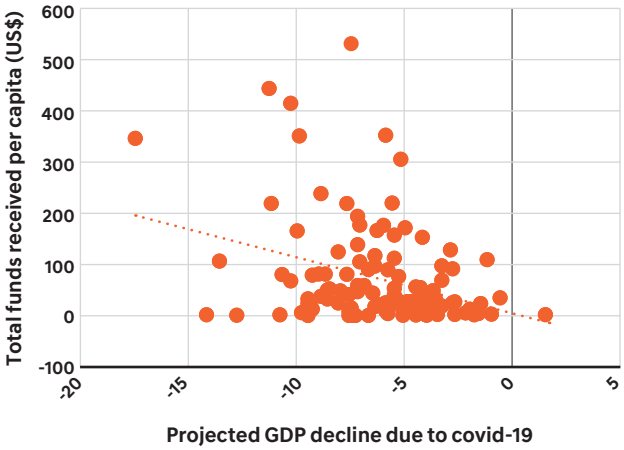


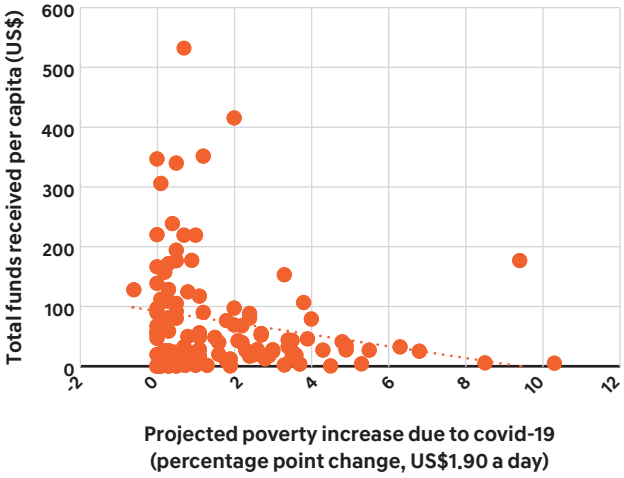


Note: Pre-covid-19 poverty data are the 2020 pre-covid-19 US$1.90 poverty projections referenced in Lakner *et al.* 2020.Tonga, which has a per capita flow of US$933, is omitted from the graph.

Figure 7: Funding and need: covid-19 risk, GDP loss, and extreme poverty increase

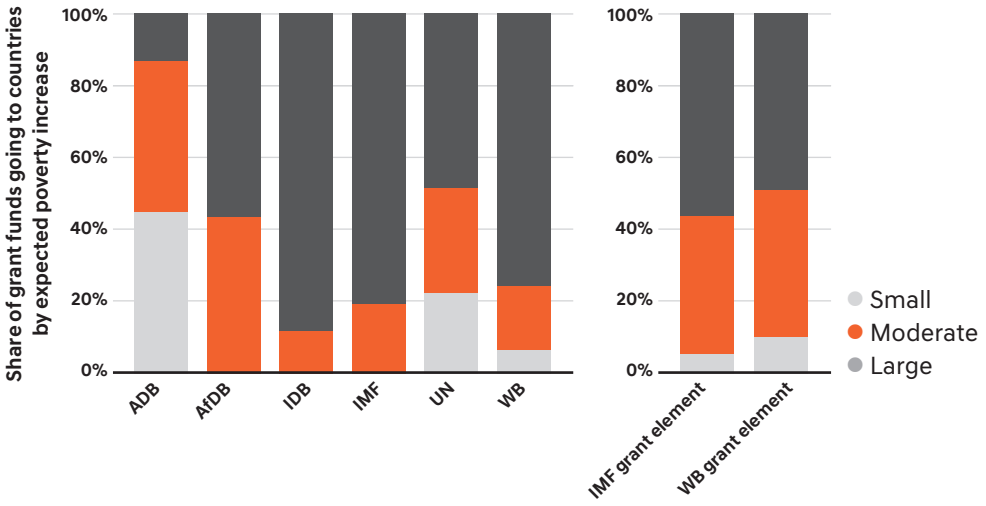






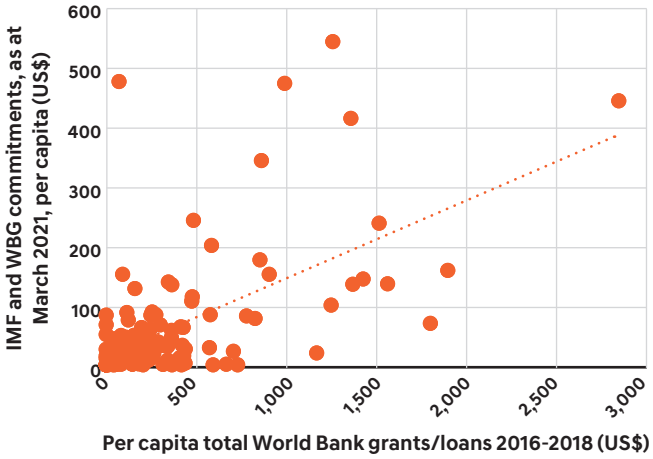
Note: INFORM covid-19 risk index version 0.1.2. GDP impact from estimated impact in World Bank Global Economic Prospects June 2020 report. Tonga, which has a per capita flow of US$933, is omitted from the graph. Projected poverty increase is from Lakner et al., October 2020, using the increase at the US$1.90 poverty line.

Figure 8: Funding by poverty impact



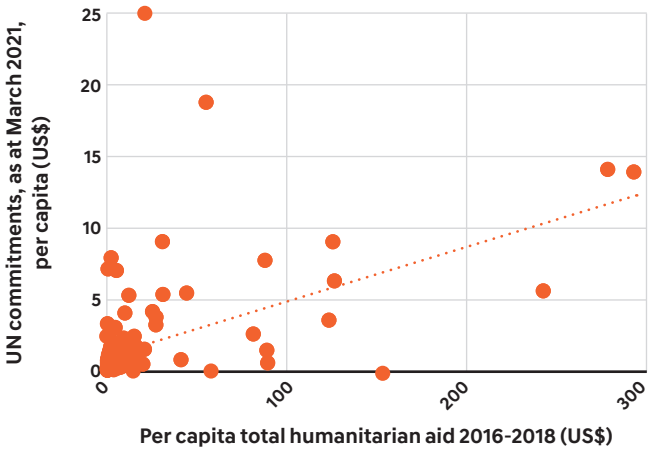
Notes: Countries are classified as having a small increase in poverty if the share of the population living on less than US$1.90 per day is estimated to increase by less than 0.5 percentage points by Lakner *et al.* 2020. A moderate increase is an increase of between 0.5 and 2 percentage points; and a large increase is an increase of more than 2 percentage points.

Figure 9: IMF and WBG covid-19 response commitments compared to recent World Bank funding



Notes: IMF and WBG covid flows capture covid-19 response funding from IMF and WBG as at March 2021. Data on historical World Bank loans is taken from the World Bank database (IBRD loans and IDA credits (debt outstanding and disbursed (DOD), current US$)), accessed March 2021.

Figure 10: Funding through the UN GHRP against past humanitarian aid



Notes: Total humanitarian aid (OECD, current US$) from official donors, accessed March 2021.

Figure 11: Speed of disbursement by instrument

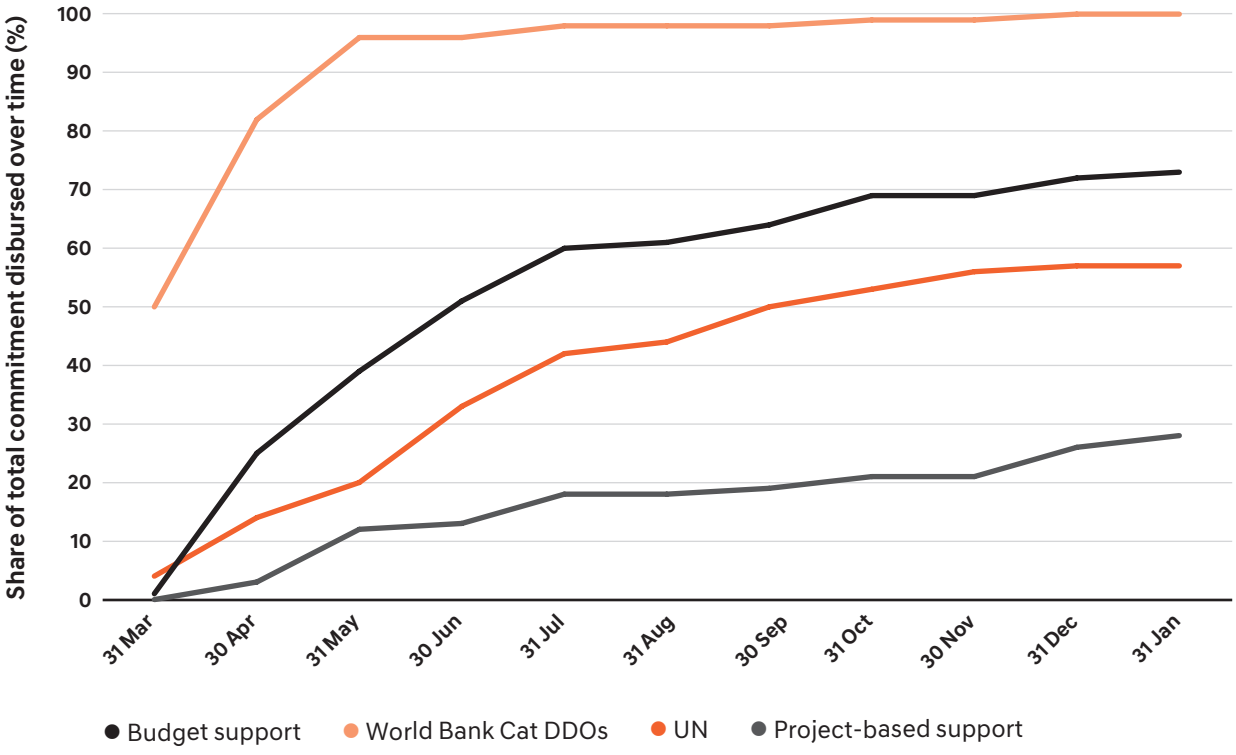
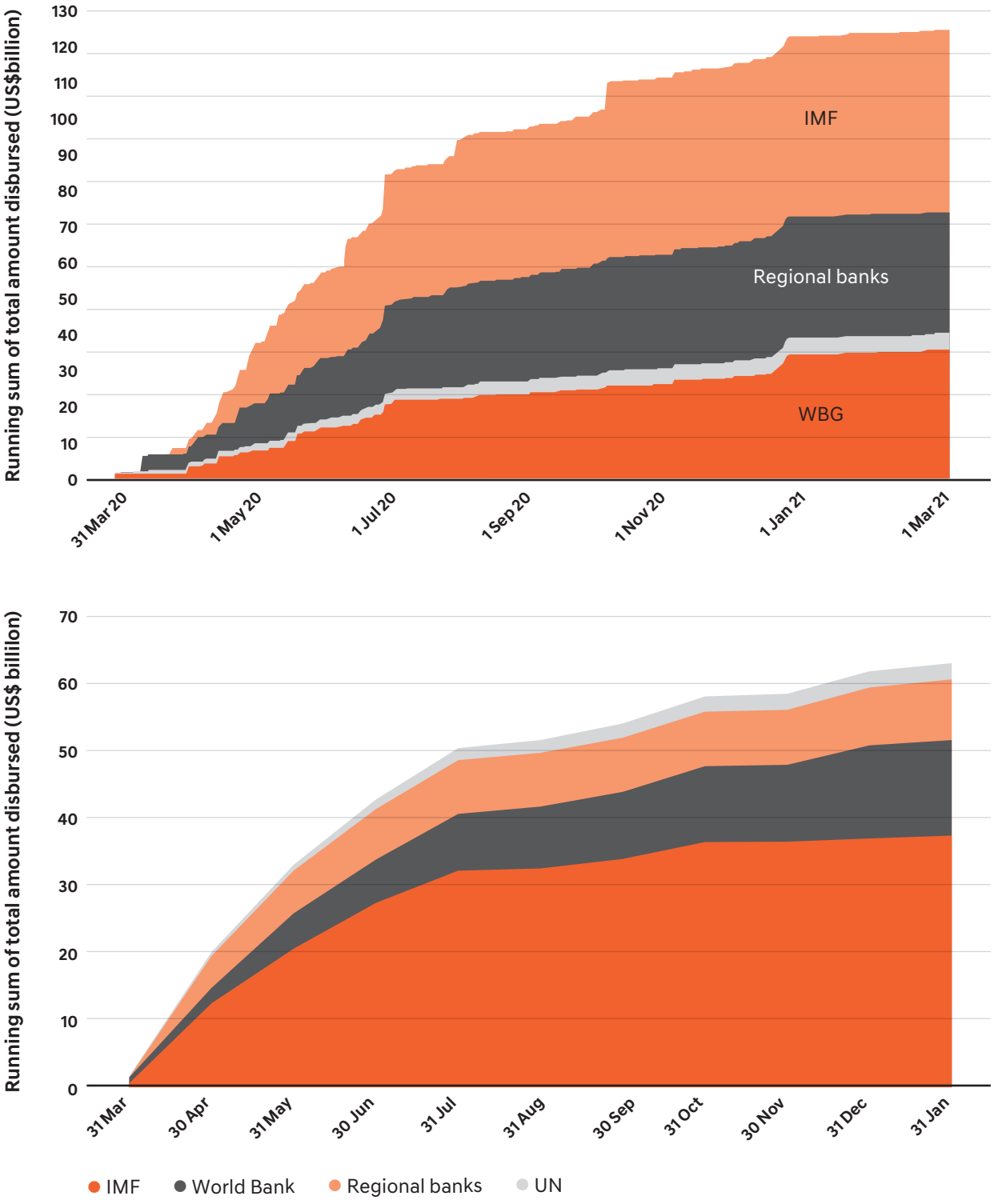


Figure 12: Commitments and disbursements by institution over time



Note: 'Regional banks' refers to ADB, AfDB, IADB, IsDB, and EBRD

Table 1: Scope of financial tracking

Donor	What has been tracked	Flow type	Commitment	Disbursements
IMF	All new emergency loans and debt relief as result of the fund's response to covid-19. Data was downloaded from the IMF's Covid-19 lending tracker site. Note: Flexible credit lines (FCL) are excluded as they indicate a country's potential to borrow instead of actual lending commitments, and no countries have drawn down on these lines so far.	Catastrophe Containment and Relief Trust (CCRT)	Yes	N/A (debt relief)
		Rapid credit facility (RCF)	Yes	Yes
		Rapid financing instrument (RFI)	Yes	Yes
		(Augmentation of) Stand-By Arrangement (SBA)	Yes	Yes
		(Augmentation of) Extended Credit Facility (ECF)	Yes	Yes
		(Augmentation of) Extended Fund Facility (EFF)	Yes	Yes
		(Augmentation of) Standby Credit Facility (SCF)	Yes	Yes
World Bank	The WB projects database is used as the main source of new commitments and Cat DDO disbursements. Data on new loans is up-to- date, but disbursement data is released with a lag. Reallocations are estimated based on press releases. The IFC Covid-19 projects database is used for IFC new loans.	New Covid-19 related loans	Yes	Yes
		Cat DDO payments	Yes	Yes
		Repurposed loans	Yes	Yes
		IFC new investments	Yes	No
ADB AfDB IADB IsDB EBRD	Data on new covid-19 loans was taken from the project lists on the ADB, IsDB, and EBRD websites, and press releases on the AfDB and IADB websites. Disbursement data is only provided by the ADB.	New covid-19 related loans	Yes	Yes (ADB only)
		Repurposed loans	Yes	Yes (ADB only)
		New private investments	Yes	Yes (ADB only)
UN	Appeal and other covid-related UN funding and allocation was downloaded from the FTS website.	Humanitarian assistance	Yes	Yes
G20	One-off debt relief 1 May-31 Dec 2020. Estimated from World Bank International Debt Statistics 2018.	Bilateral debt relief	Yes	N/A (debt relief)

Table 2: IDA and IBRD composition of World Bank lending (%)

	2019 lending	Covid-19 plan	Covid-19 actual*
IDA	49	32	34
IBRD	51	68	66

Note: *As at end of June 2020 when IDA-18 ended. Counting all covid-19 lending to blend countries as IDA.

Table 3: Historical lending and covid-19 response funding from the WBG and IMF

	Per capita loan commitments, as at 10 March 2021					
	All multilaterals				IMF and WBG	WB only
	(1)	(2)	(3)	(4)	(5)	(6)
Impact on GDP growth rate	-7.719**	-7.330**	-5.545*	-5.214*	-3.047	-2.754**
	(2.996)	(2.996)	(2.854)	(2.853)	(2.404)	(1.102)
Impact on poverty rate (US$1.90 a day)	-8.482	-7.119	-5.593	-4.378	-2.761	-2.220
	(5.146)	(5.216)	(4.866)	(4.927)	(4.152)	(1.904)
Proportion of funds received as grant	0.440	0.254	0.260	0.092	0.068	0.413**
	(0.473)	(0.489)	(0.444)	(0.459)	(0.387)	(0.177)
Government effectiveness rank	1.030*	1.081**	0.274	0.329	-0.009	0.151
	(0.535)	(0.534)	(0.535)	(0.535)	(0.451)	(0.207)
Debt to China (% GDP)		1.079		0.986	0.540	0.081
		(0.775)		(0.725)	(0.611)	(0.280)
Historical WB lending per capita (2016-2018)			0.277***	0.274***	0.219***	0.086***
			(0.069)	(0.069)	(0.058)	(0.027)
Constant	-9.666	-14.715	-1.850	-6.552	5.907	-18.357
	(31.645)	(31.712)	(29.654)	(29.734)	(25.057)	(11.487)
Observations	109	109	109	109	109	109
Adjusted R2	0.136	0.144	0.245	0.251	0.167	0.195

Note: *p<0.1p; **p<0.05; ***p<0.01

Table 4: Humanitarian response and previous assistance

	Per capita UN GHRP flows, as at 10 March 2021			
	(1)	(2)	(3)	(4)
Impact on GDP growth rate	-0.047 (0.089)	-0.036 (0.089)	-0.037 (0.071)	-0.027 (0.071)
Impact on poverty rate (US$1.90 a day)	-0.127 (0.152)	-0.088 (0.155)	-0.051 (0.122)	-0.017 (0.123)
Proportion of funds received as grant	0.024* (0.014)	0.019 (0.014)	0.027** (0.011)	0.022* (0.011)
Government effectiveness rank	0.001 (0.016)	0.002 (0.016)	0.012 (0.013)	0.013 (0.013)
Debt to China (% GDP)		0.030 (0.023)		0.027 (0.018)
Historical humanitarian aid per capita (2016-2018)			0.049*** (0.006)	0.049*** (0.006)
Constant	0.757 (0.937)	0.616 (0.940)	-0.296 (0.756)	-0.417 (0.756)
Observations Adjusted R2	109 -0.002	109 0.005	106 0.383	106 0.390
Note:				*p<0.1p; **p<0.05; ***p<0.01

ANNEX 1

DATA SOURCES AND PROCESS

International Monetary Fund

Data source: https://www.imf.org/en/Topics/imf-and-covid19/COVID-Lending-Tracker

Process:

All entries from the COVID lending tracker webpage ('Financial assistance and debt service relief') are included. **Only exception: we do NOT include flexible credit line (FCL) entries.**[18]

1. **Directly** taken from the website to include in our data: Country, Classification (type of emergency financing), Total committed amount (SDR [special drawing rights] million), and Approval date.
2. **SDR:US$:** In order to get the amount in US dollars, the conversion rate on the date of approval is used, which can be found here: https://www.imf.org/external/np/fin/data/param_rms_mth.aspx
3. **Grant portion:** All Catastrophe Containment and Relief Trust (CCRT) flows are included as 100% grants (grant portion = 1), while all other types of IMF financing are 100% loans (grant portion = 0).
4. **Grant element:** This is calculated with the data and method detailed in the 'Technical note on grant element calculations': https://static1.squarespace.com/static/5c9d3c35ab1a62515124d7e9/t/5f72061a4eebe269e3a5626e/1601308187691/Grant+Element+Note+Final+.pdf
5. **Disbursement:** IMF loan disbursement data is taken from: https://www.imf.org/external/np/fin/tad/extrep3.aspx?valuedate=2020

   If necessary, this is verified with information provided in IMF press releases (e.g. if an amount is not fully disbursed at once or is part of an augmentation of funding, there can be additional information on this in the press release). We include the grants for debt relief by the CCRT as immediately disbursed (i.e. in the same month as the approval).
6. **Purpose code:** All IMF financing is coded as '5 - Budget Support'.
7. **Flow codes:** The following codes are used for the IMF, depending on the type of financing:
   a. IMF_CCRT = IMF Catastrophe Containment and Relief Trust
   b. IMF_ECF = IMF Extended Credit Facility
   c. IMF_EFF = IMF Extended Fund Facility
   d. IMF_RCF = IMF Rapid Credit Facility
   e. IMF_RFI = IMF Rapid Financing Instrument
   f. IMF_SBA = IMF Stand-By Arrangement
   g. IMF_SCF = IMF Standby Credit Facility

18 FCL are excluded as they indicate a country's potential to borrow instead of actual lending committed, and no countries have drawn down on these lines so far. See: https://www.imf.org/en/About/Factsheets/Sheets/2016/08/01/20/40/Flexible-Credit-Line

World Bank Group

● New World Bank projects and policy lending

Data source: https://projects.worldbank.org/en/projects-operations/projects-list

Process:

Projects are included if they meet at least one of the following criteria:

- they operate in the health sector
- covid-19 is mentioned in the project title
- the project description mentions that the project is designed to address a problem directly related to covid-19
- the project appears on the World Bank press release list of covid-19 projects: https://www.worldbank.org/en/about/what-we-do/brief/world-bank-group-operational-response-covid-19-coronavirus-projects-list

1. **Directly** taken from the website to include in our data: Project title, Country, Project ID, Total amount committed (US$ m), Approval date.
2. **Classification:** The classification of IDA, IBRD, or blend is based on the country: https://datahelpdesk.worldbank.org/knowledgebase/articles/906519 (June 2019 classification).
3. **Grant indicator:** All World Bank IBRD loans are 100% loans (grant portion = 0). World Bank IDA loans are classified based on information from the Debt Sustainability Framework, accessible here: https://ida.worldbank.org/debt

   Based on this information the grant indicator is either 0, 0.5, or 1.
4. **Grant element:** This is calculated with the data and method detailed in the 'Technical note on grant element calculations': https://static1.squarespace.com/static/5c9d3c35ab1a62515124d7e9/t/5f72061a4eebe269e3a5626e/1601308187691/Grant+Element+Note+Final+.pdf
5. **Disbursement:** Data was downloaded from the following two sources each month:

   https://finances.worldbank.org/Loans-and-Credits/IBRD-Statement-of-Loans-Latest-Available-Snapshot/sfv5-tf7p

   https://finances.worldbank.org/Loans-and-Credits/IDA-Statement-of-Credits-and-Grants-Latest-Availab/ebmi-69yj

   Based on the project ID, the disbursed amounts are linked to the relevant projects. The amount we report to be disbursed in a given month is taken as the difference between cumulative disbursements for the project and the cumulative disbursements recorded for the project in the previous month.

   In the case of an additional financing project, the disbursement data from the parent project is used to complete our overview, by looking at the amounts disbursed between the approval data of the additional financing project and the time the additional financing amount has been reached.
6. **Purpose code:** Coded as '5 – Budget Support' if it mentions 'policy (financing)' or 'budget support' in the title or description. All others are coded as '1 – Covid Project'.
7. **Flow codes:** The following codes are being used for new World Bank loans, depending on the classification:
   a. WB_New_IDA = World Bank new IDA loans
   b. WB_New_IBRD = World Bank new IBRD loans
   c. WB_New_Blend = World Bank new blend loans
   d. WB_New_NA = World Bank new loans (classification N/A)

● World Bank Catastrophe Deferred Drawdown Options

Data source: https://projects.worldbank.org/en/projects-operations/projects-list

Process:

Existing Cat DDOs with disbursements from March 2020 onwards are included in the data. Any new Cat DDOs that appear in the World Bank projects list are also included.

1. **Directly** taken from the project pages to include in our data: Country, Project title, Project ID, Approval date.
2. **Classification:** The classification of IDA, IBRD, or blend is based on the country: https://datahelpdesk.worldbank.org/knowledgebase/articles/906519 (June 2019 classification).
3. **Amount committed:** A Cat DDO provides a country with the option to borrow if a catastrophe is declared. We take the commitment as the amount borrowed as a result of a catastrophe being declared as a result of covid-19 (amounts that disbursed from March onwards).
4. **Grant indicator:** Cat DDOs are all included as 100% loans (Grant indicator = 0).
5. **Grant element:** This is calculated with the data and method detailed in the 'Technical note on grant element calculations': https://static1.squarespace.com/static/5c9d3c35ab1a62515124d7e9/t/5f72061a4eebe269e3a5626e/1601308187691/Grant+Element+Note+Final+.pdf
6. **Disbursement:** Data was downloaded from the following two sources each month:

   https://finances.worldbank.org/Loans-and-Credits/IBRD-Statement-of-Loans-Latest-Available-Snapshot/sfv5-tf7p

   https://finances.worldbank.org/Loans-and-Credits/IDA-Statement-of-Credits-and-Grants-Latest-Availab/ebmi-69yj

   Based on the project ID the disbursed amounts are linked to the relevant projects. The amount we report to be disbursed in a given month is taken as the difference between cumulative disbursements for the project and the cumulative disbursements recorded for the project in the previous month.

   The disbursement data for Cat DDOs is confirmed using the individual project pages and, if necessary, by consulting documents or press releases available on the World Bank website.
7. **Purpose code:** Cat DDOs are all coded as '5 – Budget Support'.
8. **Flow code:** The following code is used for all Cat DDOs:

   a. WB_Cat_DDO_C

● Repurposed World Bank projects

Data source: https://www.worldbank.org/en/about/what-we-do/brief/world-bank-group-operational-response-covid-19-coronavirus-projects-list

Process:

We include a loan as a repurposed World Bank loan if it appears on the World Bank press release list of covid-19 projects, on the bottom half of the webpage: 'Countries benefiting from other forms of finance/redeploying of existing projects'. It is excluded if it already appears in the World Bank new projects database.

Note: Repurposed loans listed in public announcement but that have no press release and no disbursement are included, with amount coded as zero.

1. **Directly** taken from the project pages to include in our data: Country, Project title, Project ID.
2. **Classification:** The classification of IDA, IBRD, or blend is based on the country: https://datahelpdesk.worldbank.org/knowledgebase/articles/906519 (June 2019 classification).
3. **Approval date:** Since these are existing projects, an approval date that is relevant to covid-19-related funding is not available. When we include this financing in our timing analysis all the approval dates are set to 15 April 2020.
4. **Amount committed:** When possible, committed amounts are taken from press releases; in the absence of a press release they are estimated from World Bank disbursement data from April onwards. This is potentially an underestimate given future disbursements are likely, but is the only information available.
5. **Grant indicator:** All World Bank IBRD loans are 100% loans (grant portion = 0). World Bank IDA loans are classified based on information from the Debt Sustainability Framework, accessible here: https://ida.worldbank.org/debt

   Based on this information the grant indicator is either 0, 0.5, or 1.
6. **Grant element:** This is calculated with the data and method detailed in the 'Technical note on grant element calculations': https://static1.squarespace.com/static/5c9d3c35ab1a62515124d7e9/t/5f72061a4eebe269e3a5626e/1601308187691/Grant+Element+Note+Final+.pdf
7. **Disbursement:** Data was downloaded from the following two sources each month:

   https://finances.worldbank.org/Loans-and-Credits/IBRD-Statement-of-Loans-Latest-Available-Snapshot/sfv5-tf7p

   https://finances.worldbank.org/Loans-and-Credits/IDA-Statement-of-Credits-and-Grants-Latest-Availab/ebmi-69yj

   The disbursed amounts are linked to the relevant projects based on the project ID. The amount we report to be disbursed in a given month is taken as the difference between cumulative disbursements for the project and the cumulative disbursements recorded for the project in the previous month.

   In the case of repurposed loans, there are several projects that cover multiple countries. For these projects, we include the disbursed amounts for each of the countries, where the data is available.

   Amounts disbursed before April are not included.
8. **Purpose code:** All are coded as '2 – Repurposed'.
9. **Flow code:** The following codes are being used for repurposed WB loans, based on classification:
   a. WB_RP_IBRD = World Bank repurposed IBRD loans
   b. WB_RP_IDA = World Bank repurposed IDA loans
   c. WB_RP_Blend = World Bank repurposed Blend loans
   d. WB_RP_NA = World Bank repurposed loans (classification N/A)

● IFC investments

Data source: https://www.ifc.org/wps/wcm/connect/news_ext_content/ifc_external_corporate_site/news+and+events/covid-19/covid-19-projects

Process:

All investments included in the IFC covid response project list are included.

1. **Directly** taken from the website to include in our data: Project title, Project ID, Country, Total amount committed (US$ m), Approval date.
2. **Disbursement:** No data available.
3. **Purpose code:** All IFC investments are coded as '3 – Private Investment'.
4. **Flow code:** The following code is used for all WBG IFC projects:
   a. WBG_IFC

Regional banks

● African Development Bank

Data source: https://www.afdb.org/en/news-events/our-covid-19-response-date

Process:

All projects listed on the covid-19 response webpage are included in our data.

1. **Directly** taken from the press release to include in our data: Country, Approval date (date of press release), Project title (title of press release).
2. **Amount committed:** As mentioned in the press release. If the amount is mentioned in another currency than US dollars, the exchange rate of the date of approval is used for the conversion.

   If the press release covers multiple countries, and there is no information about financing per country, the amount is still included in our data as a 'regional' project.
3. **Grant indicator:** Based on loan/grant information in the press release.
4. **Disbursement:** No data available.
5. **Purpose code:**

   Coded as '5 – Budget Support' if it mentions 'policy (financing)' or 'budget support' in the title or description.

   If it is clearly mentioned in the press release or on the project webpage that it is a repurposed loan: '2 – Repurposed' (in practice, this is not used frequently as information on repurposed projects is not systematically provided by AfDB).

   All others are coded as '1 – Covid Project'.
6. **Flow code:** based on new/repurposed loan:
   a. AfDB_New = African Development Bank new loans
   b. AfDB_RP = African Development Bank repurposed loans

● Asian Development Bank

Data source: https://www.adb.org/projects

Process:

Projects are included if they meet at least one of the following requirements:

- they operate in the health sector
- covid-19 is mentioned in the project title
- the project description mentions that the project is designed to address a problem directly related to covid-19.

1. **Directly** taken from the project pages to include in our data: Country, Approval date, Project title, Project ID.
2. **Amount committed:** Only ADB financing is included in our data (see 'Financing plan' section in the project data sheets on the ADB website), so no co-financing.
3. **Grant indicator:** If the project type in the project data sheet mentions 'Loan', the Grant indicator = 0. If the project type is 'Grant' or 'Technical assistance' the Grant indicator = 1.
4. **Disbursement:** The disbursed amounts are taken from the 'Cumulative disbursements' numbers in the individual project data sheets. The amounts mentioned on the website are cumulative, with no further information on the amount/date of the last disbursement. Therefore, the disbursed amounts are compared to the values of the previous update, and then split evenly across the months in between.
5. **Purpose code:**
   a. Everything coded as '5 – Budget Support':

      i. shares the same project title 'COVID-19 Active Response and Expenditure Support Program'

      ii. mentions 'Public sector management/Public expenditure and fiscal management – Social protection initiatives'

      iii. mentions the Ministry of Finance as executing agency.

   b. The 'nonsovereign (Private) Projects', as mentioned on the project webpages, are coded as '3 – Private Investment'. (Not yet included in the latest update, these are currently coded as '1 – Covid Project'.)

   c. If it is clearly mentioned in the press release or on the project webpage that it is a repurposed loan: '2 – Repurposed' (in practice, this is not used frequently as ADB does not systematically provide information on repurposed projects).

   d. The remaining projects are coded as '1 – Covid Project'.
6. **Flow code:** based on new/repurposed loan:
   a. ADB_New = Asian Development Bank new loans
   b. ADB_RP = Asian Development Bank repurposed loans

● Inter-American Development Bank

Data source: https://www.iadb.org/en/news

Process:

Information from press releases is included if the project meets at least one of these requirements:

- it operates in the health sector
- covid-19 is mentioned in the project title
- the project description mentions that the project is designed to address a problem directly related to covid-19.

1. **Directly** taken from the press release to include in our data: Country, Approval date (date of press release), Project title (title of press release), Total committed amount (US$ m).
2. **Grant indicator:** Based on loan/grant information in the press release.

   If not mentioned, the project page is consulted. If the Project type is 'Loan operation' the Grant indicator = 0.
3. **Disbursement:** No data available.
4. **Purpose code:**
   a. Coded as '5 – Budget Support' if it mentions 'policy (financing)' or 'budget support' in the title or description.
   b. If it is clearly mentioned in the press release or on the project webpage that it is a repurposed loan: '2 – Repurposed' (in practice, this is not used frequently as IADB does not systematically provide information on repurposed projects).
   c. All others are coded as '1 – Covid Project'.
5. **Flow code:** based on new/repurposed loan:
   a. IDB_New = Inter-American Development Bank new loans
   b. IDB_RP = Inter-American Development Bank repurposed loans

● Islamic Development Bank

Data source: https://www.isdb.org/covid-19-overview

Process:

All projects from the 'Covid-19 funding overview' are included in our data.

1. **Directly** taken from the covid-19 overview to include in our data: Country, Project title (title of press release), Total committed amount (US$ m).
2. **No approval date available:** When we include this financing in our timing analysis all the approval dates are set to 4 April 2020 as this is when IsDB announced its approval of the covid-19 response programme: https://www.isdb.org/news/the-islamic-development-bank-group-strategic-preparedness-and-response-programme-for-the-covid-19-pandemic-allocates-us-23-billion-to-member-countries
3. **Grant indicator:** No information available about grant/loan portion. Grant indicator = 0 for all projects.
4. **Disbursement:** No data available.
5. **Purpose code:** All projects are coded as '1 – Covid Project'.
6. **Flow code:** Due to a lack of information all loans are coded as new loans:
   a. ISDB_New = Islamic Development Bank new loans

● European Bank for Reconstruction and Development

Data source: https://www.ebrd.com/work-with-us/project-finance/project-summary-documents.html

Process:

Projects that state 'This project was approved in the context of the Bank's response to the COVID-19 pandemic' in their project summary document are included if the status of the project is approved, signed, or disbursed.

1. **Directly** taken from the project summary webpages: Approval date, Project ID, Location, Project title.
2. **Amount committed:** As mentioned on the webpage. If the amount is mentioned in a currency other than US dollars, the exchange rate of the date of approval is used for the conversion.
3. **Grant indicator:** All EBRD financing is in the form of a loan and has Grant indicator = 0.
4. **Disbursement:** No data available.
5. **Purpose code:**
   a. Coded as '1 – Covid Project' if the notice type mentioned on the project summary webpage is 'State'.
   b. Coded as '3 – Private Investment' if the notice type is 'Private'.
7. **Flow code:** Due to a lack of information, all loans are coded as new loans:
   a. EBRD_New = European Bank for Reconstruction and Development new loans

United Nations

Data source: https://fts.unocha.org/data-search

Process:

All funding that is part of the COVID-19 Global Humanitarian Response Plan (https://fts.unocha.org/appeals/952/summary) is included. We also include UN flows that appear in the following searches:

- 'Coronavirus disease outbreak – COVID-19' as emergency
- plans that have 'COVID-19' in the title
- 'COVID-19' as sector.

Only incoming funds are included (i.e. no internal fund transfers or outgoing funds), and pledges are excluded. Either the source organisation or the destination organisation has to be a UN agency.

1. **Directly** downloaded from the Appeal data webpage: Flow ID, Description, Amount (US$), Destination sector, Destination country, Funding status, Flow date, and Decision date.
2. **Decision date:** According to the website (https://fts.unocha.org/glossary) the decision date is: 'The date on which a donor is reported to have made a funding commitment'. In our timing analysis we use this as the approval date. When we conduct timing analysis, we also fill in information for UN flows that do not have decision date information. The date we use is the first day of the same month as the flow date is being used in our analysis (e.g. if the flow date is 23/06/2020, the decision date is set to 01/06/2020).

   The flow date is defined as: 'The date on which the funding flow was pledged, committed or paid. If this date is not available, FTS uses the decision date or as last resort, the date the information was reported to FTS'.
3. **Grant indicator:** All UN financing has Grant indicator = 1.
4. **Disbursement:** For the entries that mention 'Paid Contribution' as funding status, we consider the full amount to be disbursed at once at the time of the flow date.

   The website explains the difference between a commitment and a contribution as follows:
   - Commitment: 'Creation of a contractual obligation regarding funding between the donor and appealing agency. Almost always takes the form of a signed contract. This is the crucial stage of humanitarian funding: agencies cannot spend money and implement before a funding commitment is made'.
   - Contribution: 'The payment or transfer of funds or in-kind goods from the donor towards the appealing agency'.
5. **Field cluster:** Describes the sector the financing is focused on—is used as the UN equivalent of the purpose code that we use for other institutions.
6. **Flow code:** All are coded as:
   a. UN_Appeal

General information

Data source: https://fts.unocha.org/data-search

The following information is used across institutions.

- Country code: XLS document from https://datahelpdesk.worldbank.org/knowledgebase/articles/906519 (June 2019 classification).
- Income type: from https://datahelpdesk.worldbank.org/knowledgebase/articles/906519 (June 2019 classification).
- Region: from https://datahelpdesk.worldbank.org/knowledgebase/articles/906519 (June 2019 classification).
  - If a funding project targets multiple countries and there is no information on the allocation per country, the region is included in the data instead of the country. If it covers multiple regions, 'World' is used instead.
- Population: https://population.un.org/wpp/Download/Standard/Population/ (2019 data).

ANNEX 2

GRANT ELEMENT CALCULATION

The grant element of a concessional loan is defined as the difference in the face value of the loan, and the present value of the debt services to be made by the borrower. The grant element of a concessional loan (expressed as a percentage of the loan) can be calculated by using one of the following formulae.

Grant element calculation: Formulas

These formulas derive grant element, a measure of concessionality of a loan. Grant element is defined as the difference between its face value and the sum of the present value of debt service to be made by the borrower, expressed as a percentage of the face value of the loan.The assumptions are that the loan amount is fully disbursed and there are no fees other than interest payments.

I. Equal principal repayment	II. Lump sum debt service	III. Annuity
$\left(1-\frac{\left(\frac{r}{n}\right)}{d}\right)*\left[1-\left(\frac{\frac{1}{(1+d)^{n*g}}-\frac{1}{(1+d)^{(n*m)}}}{d*(n*m-n*g)}\right)\right]$, where $d=(1+D)^{\frac{1}{n}}-1$	$1-\frac{1+r*m}{(1+D)^{m}}$	$1-PV_g-PV_N$ where $PV_g=r*\frac{1-\frac{1}{d_g}}{n*d}$ where $d=(1+D)^{\frac{1}{n}}-1, and\ \ d_g=(1+D)^{g}$ $PV_N=\left(\frac{r}{n}\right)*\left[\frac{1}{\left(1+\frac{r}{n}\right)^{N}-1}+1\right]*\left(\frac{1}{d_g}\right)*\left(\frac{1-\frac{1}{d_p}}{d}\right)$, where $d_p=(1+D)^{p}$

Variable
(r) Interest rate
(m) Maturity (year)
Grace period (year)
(n) Number of repayments per annum
(D) Discount Rate of 5 percent
(p) Principal repayment period(s) (year) (m-g)
(N) Total number of repayments (p*n)
(g) Interval (year)

Source: https://ida.worldbank.org/debt/grant-element-calculations

Methodology

It is possible to calculate the grant element of the loans that we are tracking in relation to covid-19. This is done using the equal principle repayment calculation method.

Both the annuity method and the equal principle payment method were also tested, and there was less than a 1% difference in the total grant element.

A grant element was calculated for IMF concessional loans, World Bank repurposed and new concessional loans, and World Bank Catastrophe Draw Down Options.

Assumptions

The World Bank and IMF are currently the only IFIs providing enough public information to calculate the grant element of their concessional loans. The information and assumptions used are as follows.

World Bank:

The World Bank provides all the necessary information required to calculate the grant element of concessional World Bank loans, on the IDA terms sheet: https://ida.worldbank.org/sites/default/files/pdfs/ida-terms-effective-april-1-2020.pdf. The only assumption required is the discount rate, which we take as 5% given this is the discount rate assumed by the World Bank and IMF: https://ida.worldbank.org/debt/grant-element-calculations. The discount rate is a key assumption when calculating the grant element of a loan.

IMF:

The IMF provides some documentation around the terms of its loans, for Rapid Credit Facility, Extended Credit Facility, and Standby Credit Facility loans: https://www.imf.org/external/np/exr/facts/pdf/howlend.pdf. This makes it possible to calculate the grant element. However, it is necessary to make an assumption on the number of repayments per year. We assume this to be equal to two. Again, the discount rate is assumed to be 5%.

Regional development banks:

Regional development banks do not provide enough public information as it currently stands to calculate a grant element.

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