

COVID-19: TRACKING MULTILATERAL ODA FLOWS TO MEET CRISIS NEEDS

Updated results, September data update



BACKGROUND

The global outbreak of Covid-19 requires a concerted and coordinated approach by the international community to finance the needs that have arisen across low- and middle-income countries.

The Centre's work on funding a Covid-19 response assembles information on development and humanitarian funding to low- and middle-income countries. It aims to:

1. show what is working well and what is not: where there are gaps in financial flows relative to need.
2. highlight what needs to change for the world to have 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
SEPTEMBER 2, 2020.



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

WHAT HAVE WE TRACKED?

New lending 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 FLOWS

	Donor	What has been tracked	Flow Type	Commitment	Disbursements
Multilateral	IMF	All new emergency loans and debt relief that has been made as result of the fund's response to Covid-19. Data are 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) Rapid Credit Facility (RCF) Rapid Financing Instrument (RFI) (Augmentation of) Stand-By Arrangement (SBA) (Augmentation of) Extended Credit Facility (ECF) (Augmentation of) Extended Fund Facility (EFF) (Augmentation of) Standby Credit Facility (SCF)	Yes Yes Yes Yes Yes Yes Yes	N/A (debt relief) Yes Yes Yes Yes Yes Yes
	WB	The WB projects database is used as the main source of new commitments and Cat DDO disbursements. New loans are up-to-date, but disbursement data are released with a lag. Reallocations are estimated based on press release. The IFC Covid-19 projects 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 Yes Yes No
	ADB AfDB IADB IsDB	Data on new Covid-19 loans have been taken from the project lists on the ADB and IsDB websites, and press releases on the AfDB and IADB websites. Disbursement data are only provided by the ADB.	New Covid-19 related loans Repurposed loans New private investments	Yes Yes Yes	Yes (ADB only) Yes (ADB only) Yes (ADB only)
	Humanitarian Assistance	Appeal funding and allocation has been downloaded from the UN Financial Tracking Service .	Humanitarian assistance	Yes	No
Bilateral	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)

WHAT HAS NOT BEEN INCLUDED

- Humanitarian assistance provided outside of the Covid-19 appeal.
- 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 have been fast and substantial, for example the Bill and Melinda Gates foundation).
- Flows to high-income countries.

SIZE AND TYPE OF FLOWS

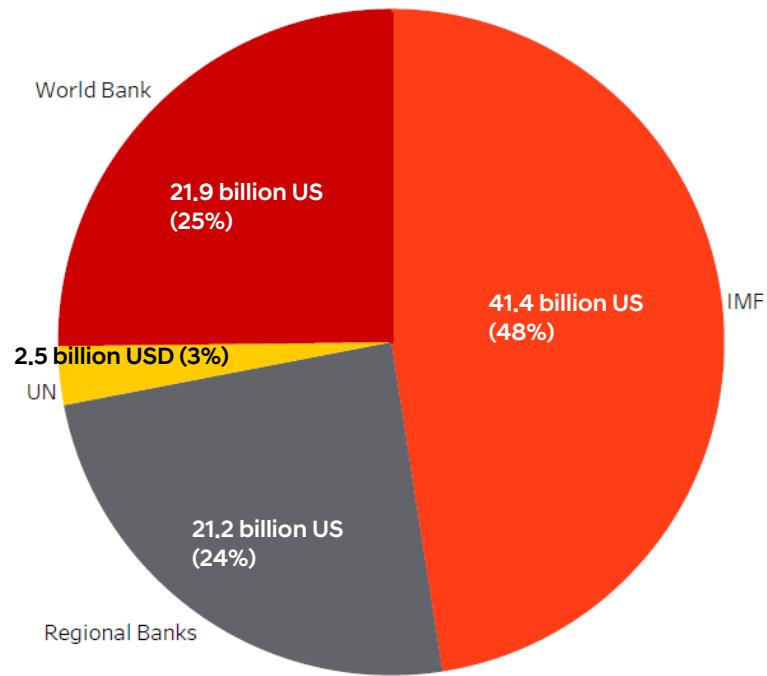
Over US\$87 billion has been committed by the IMF, WB, regional banks, and UN.

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

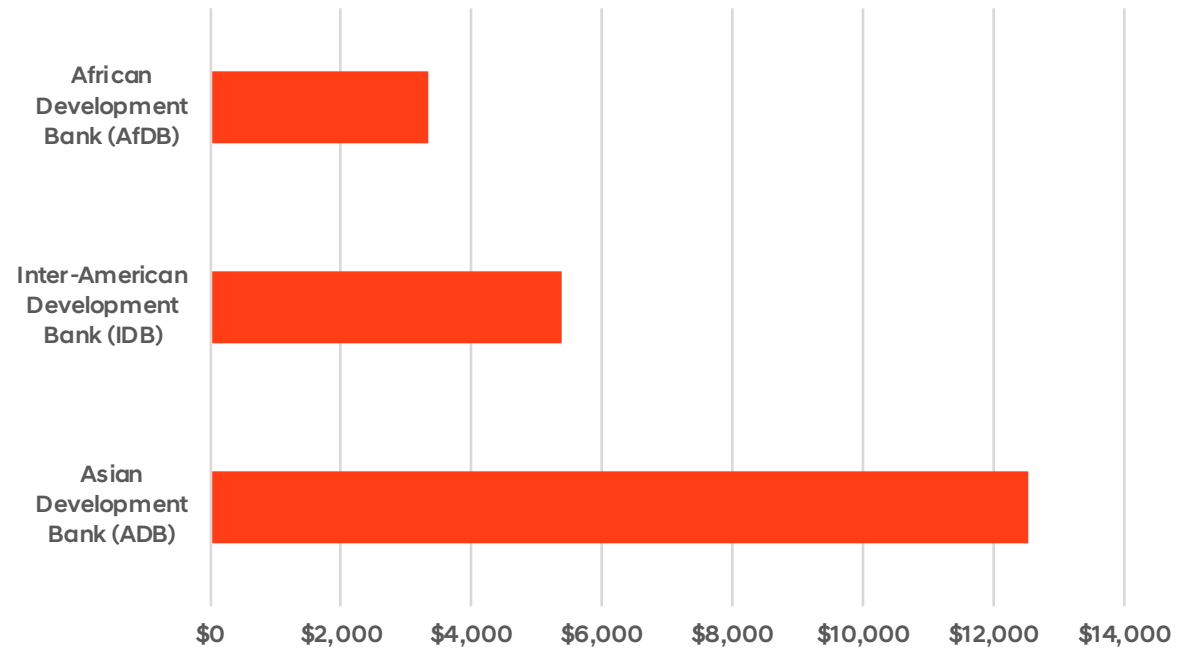
93% of funds committed are loans. The estimated grant element of concessional loans is 5% of funds committed.



US\$87 BILLION HAS BEEN COMMITTED BY INTERNATIONAL ORGANISATIONS. THE LARGEST FLOWS ARE FROM THE IMF FOLLOWED BY THE WB. THE ADB HAS COMMITTED THE MOST OUT OF REGIONAL BANKS.

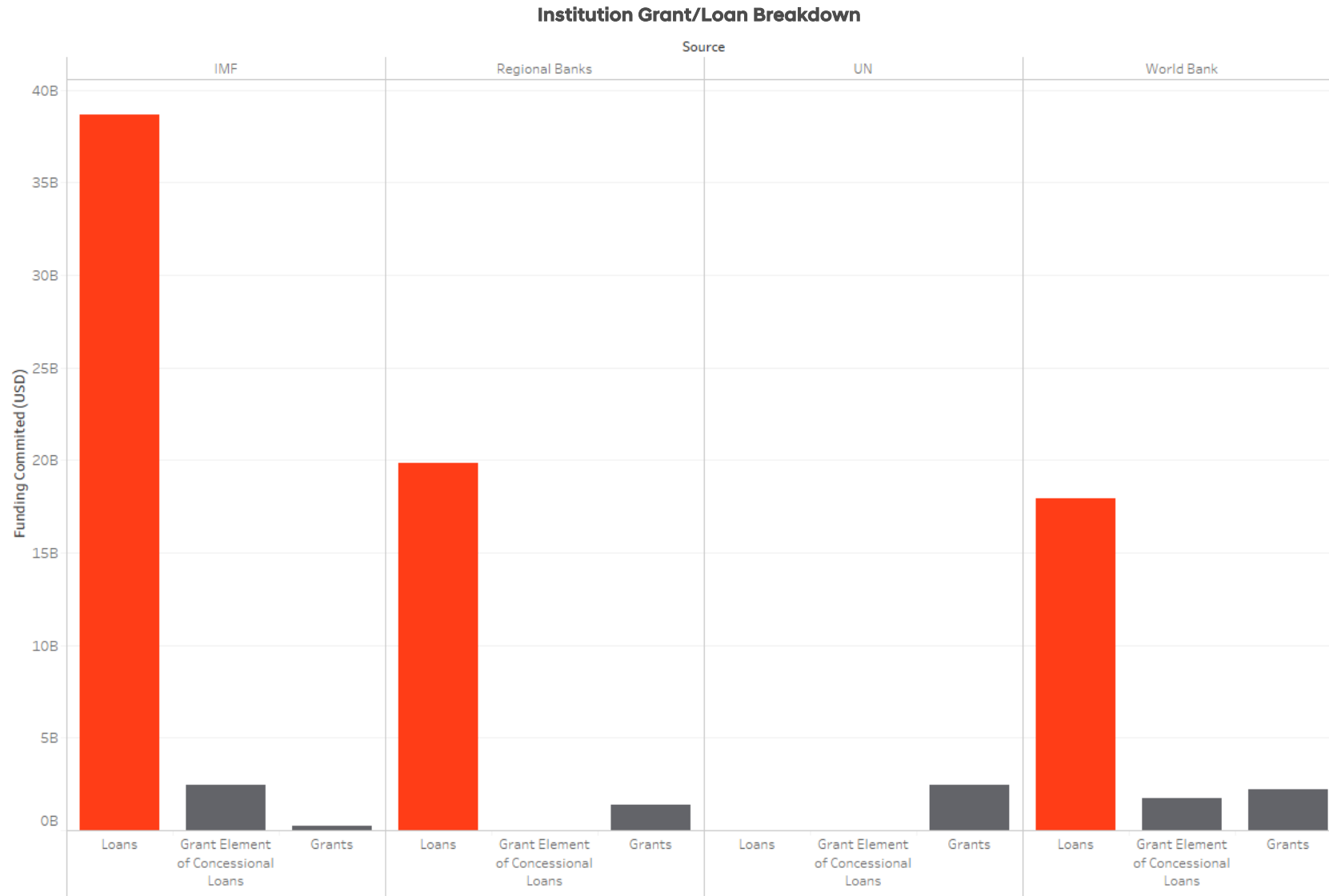


Regional Bank Lending, US\$ millions



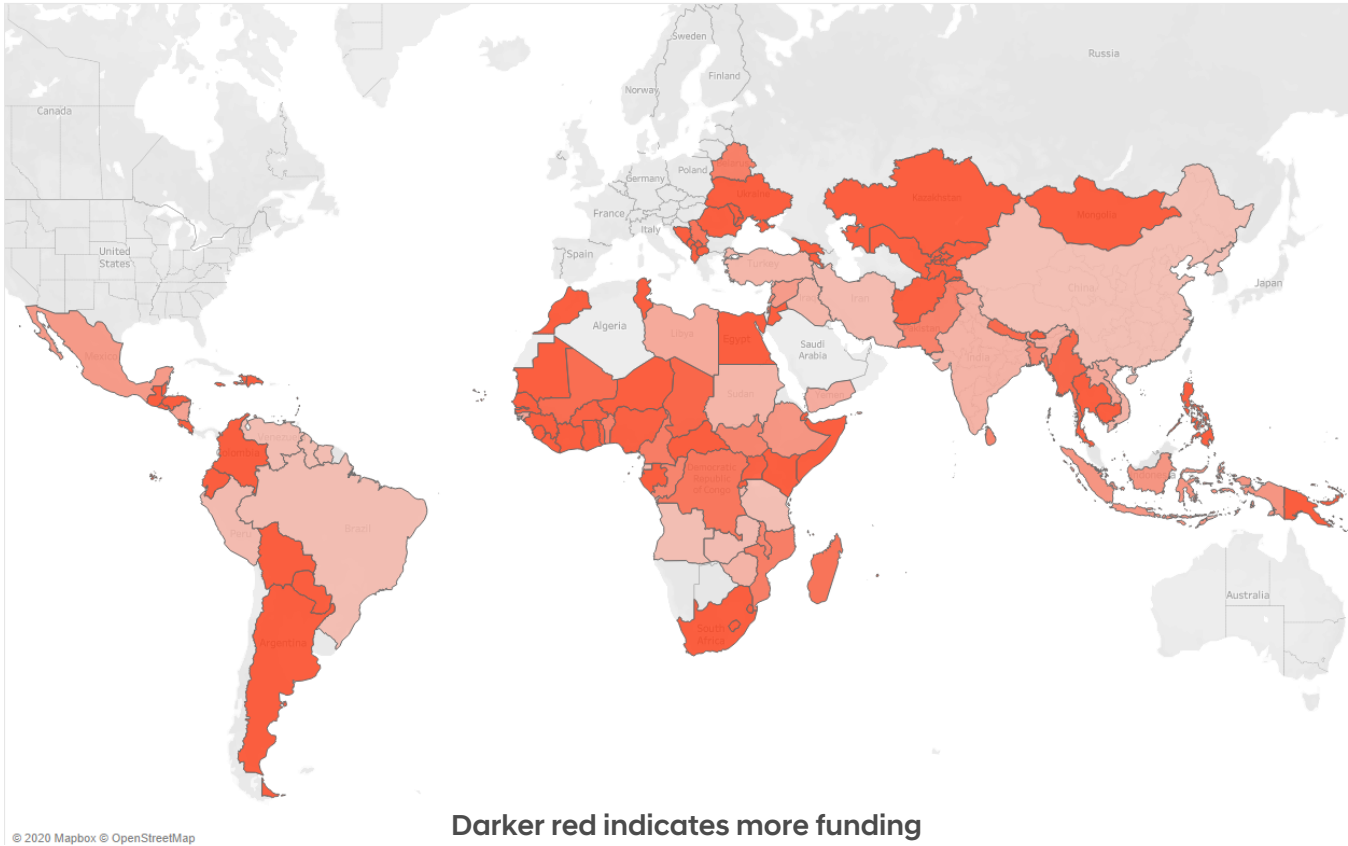
All amounts in US\$ as of SEPTEMBER 2, 2020. Note: ADB funds are tracked from website database, IDB and AfDB funds are taken from website press releases and therefore may be not complete.

MOST FLOWS - 93% - ARE LOANS. THE GRANT ELEMENT OF CONCESSIONAL IMF AND WB LOANS IS ESTIMATED AS 5% OF TOTAL FLOWS.

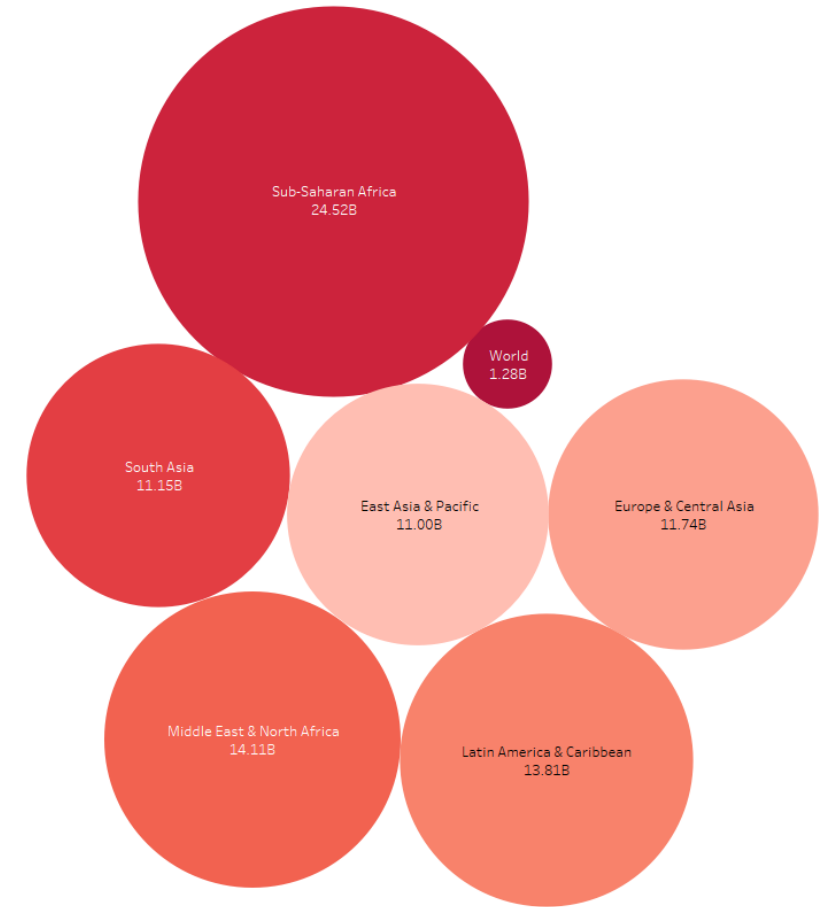


ASSISTANCE HAS BEEN PROVIDED TO MOST COUNTRIES. TO DATE, MOST HAS GONE TO SUB-SAHARAN AFRICA.

Overview of Funding Per Capita (US\$)
Overview of Funding Per Capita* (USD)



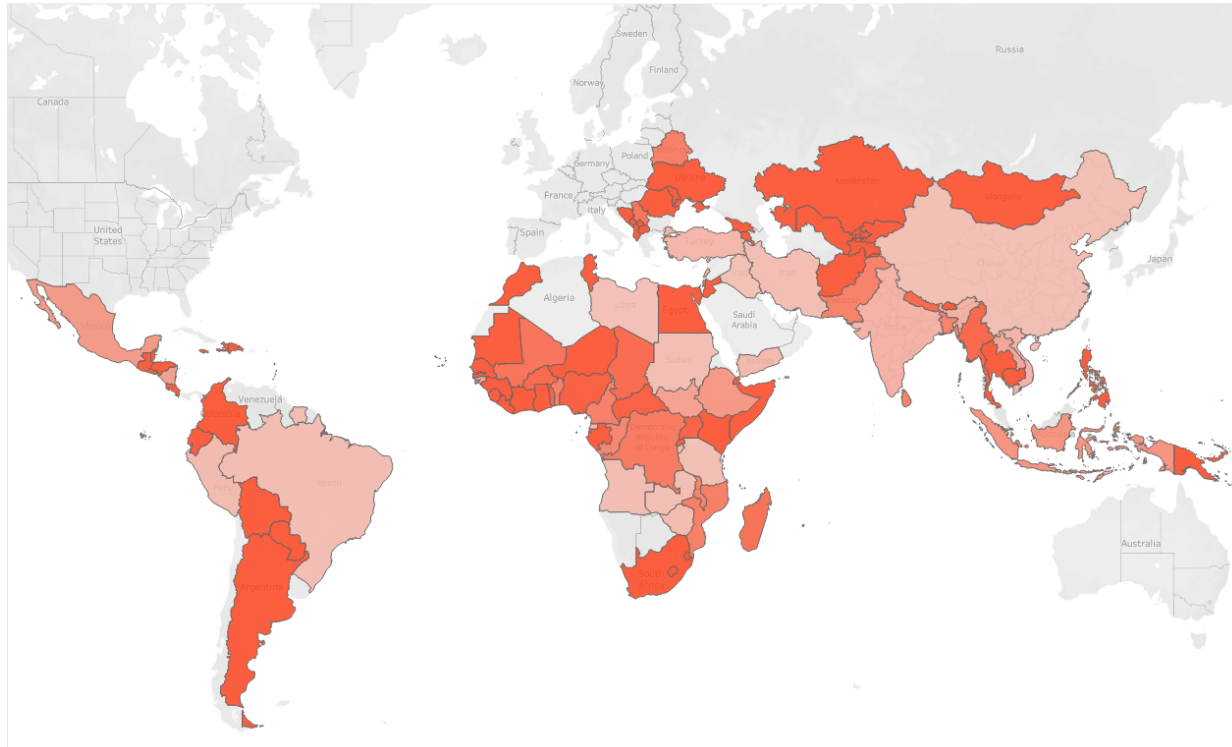
Funding by Regions (USD Billion)



DEVELOPMENT AND HUMANITARIAN FINANCE HAS FLOWED TO MANY OF THE SAME COUNTRIES. ALTHOUGH, COUNTRIES IN SOUTH ASIA AND WEST AND SOUTHERN AFRICA HAVE NOT RECEIVED HUMANITARIAN AID.

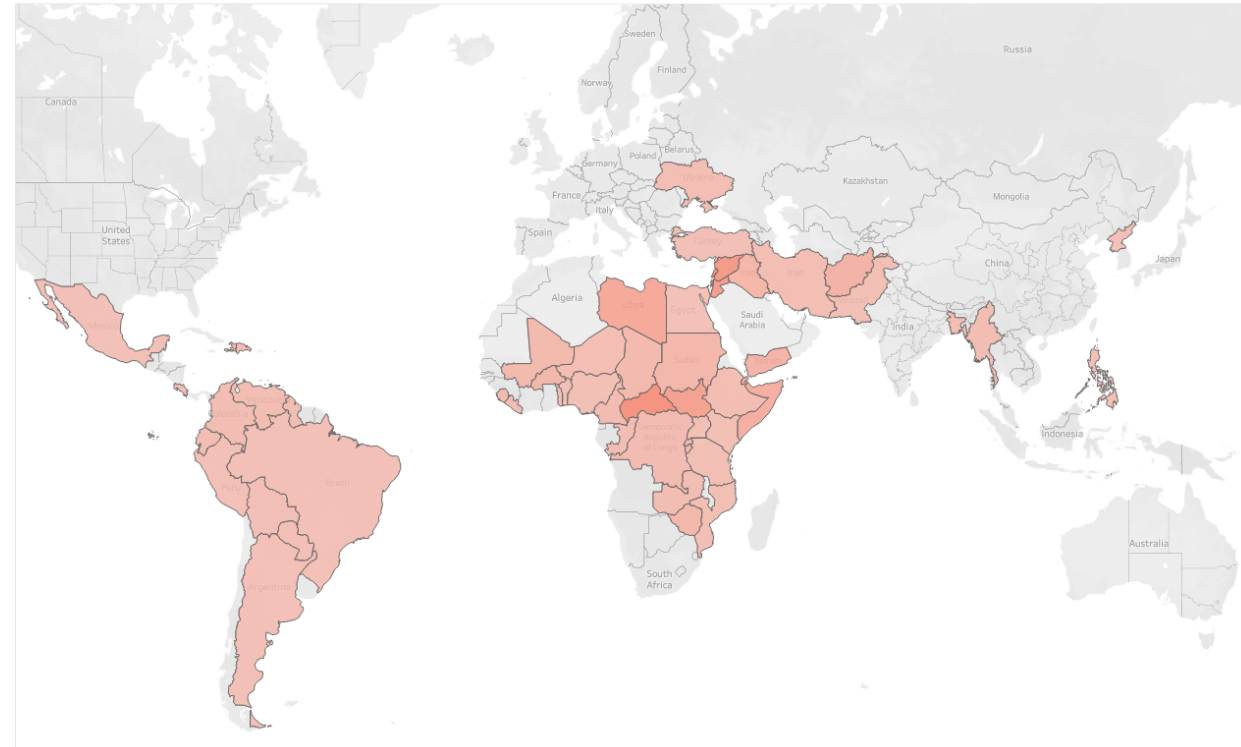
DEVELOPMENT FINANCING

Overview of Funding Per Capita (US\$)



HUMANITARIAN FINANCING

Overview of Funding Per Capita (US\$)



Darker red indicates more funding

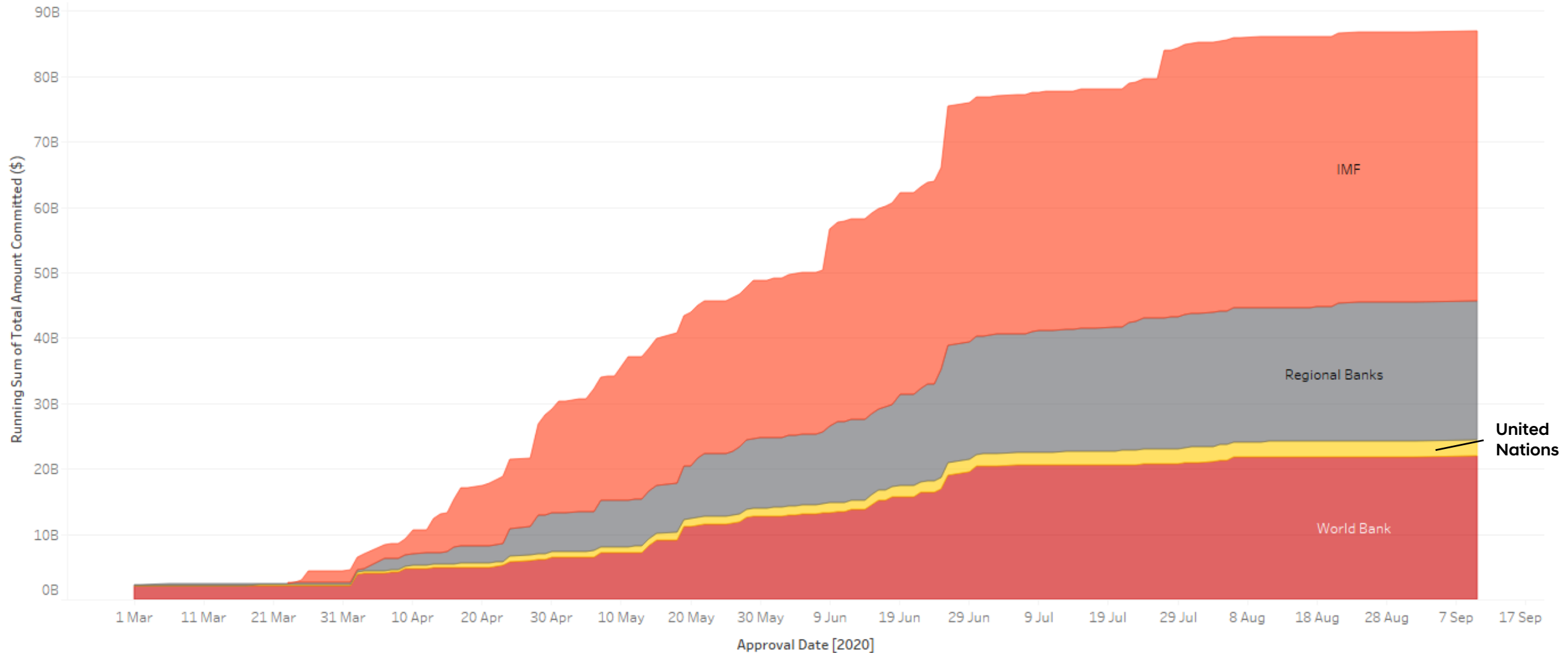
SPEED OF COMMITMENT AND DISBURSEMENT

Commitments have been made quickly. Disbursement is also proceeding apace.



COMMITMENTS WERE MOBILISED QUICKLY, BUT THE PACE HAS SLOWED

Total Funding Committed Over Time (USD Billion)



COMMITMENTS TO THE UN APPEAL ARE STILL BELOW THE US\$10 BILLION REQUIREMENT.

As of September 2

Funding status	Count (% to 2f)		Amount (US\$)	
Commitment	545	32%	879,522,878	36%
Paid Contribution	1143	67%	1,507,594,595	61%
Pledge	10	1%	74,290,827	3%
Total	1698	100%	2,461,408,300	100%

As of July 11

Funding status	Count (% to 2f)		Amount (US\$)	
Commitment	263	28%	706,088,150	42%
Paid Contribution	658	70%	934,576,345	56%
Pledge	10	1%	34,308,826	2%
Total	931	100%	1,674,973,321	100%

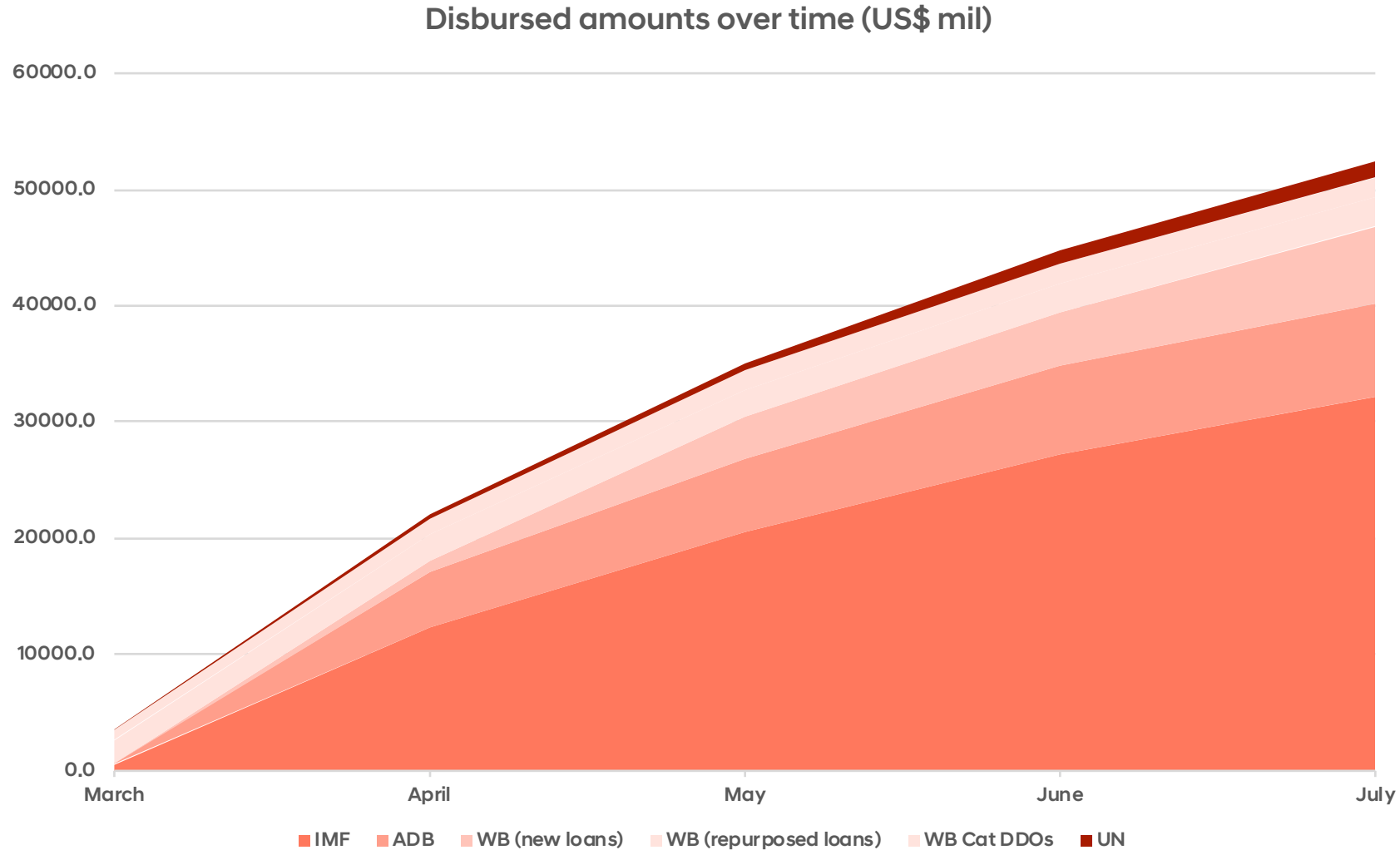
- The total amount of commitments and paid contributions increased from US\$1.67 billion on 11th of July to US\$2.47 billion on the 2nd of September.
- The requirement of funding went from US\$6 billion to US\$10 billion. ([Source](#))

SPEED OF DISBURSEMENTS

- Most new IMF budget support loans disburse in one payment within one month of approval.
- Debt relief (IMF CCRT) offers immediate fiscal benefits.
- **41%** of the new WB loans approved since April were disbursed by the end of July. This corresponds to an amount of **US\$6.6 billion**.
- WB Cat DDOs disbursed **around US\$1.6 billion from March to May**. Since then, the WB Cat DDOs have disbursed an additional **US\$35.0 million**, indicating that a vast proportion of Cat DDO funds were made available in the early stages of the Covid-19 crisis.
- 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.

SPEED OF DISBURSEMENTS

By the end of April, a total of **US\$22.1 billion** had been disbursed.* This amount doubled by the end of June, and reached **US\$51.9 billion** by the end of July.



* Disbursement data is not available for IADB, AfDB and IsDB

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 are from the WB¹:
- 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.

¹ World Bank. WB Covid-19 Response Fast Track Facility. March 2020.

EQUITY OF COVERAGE

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)

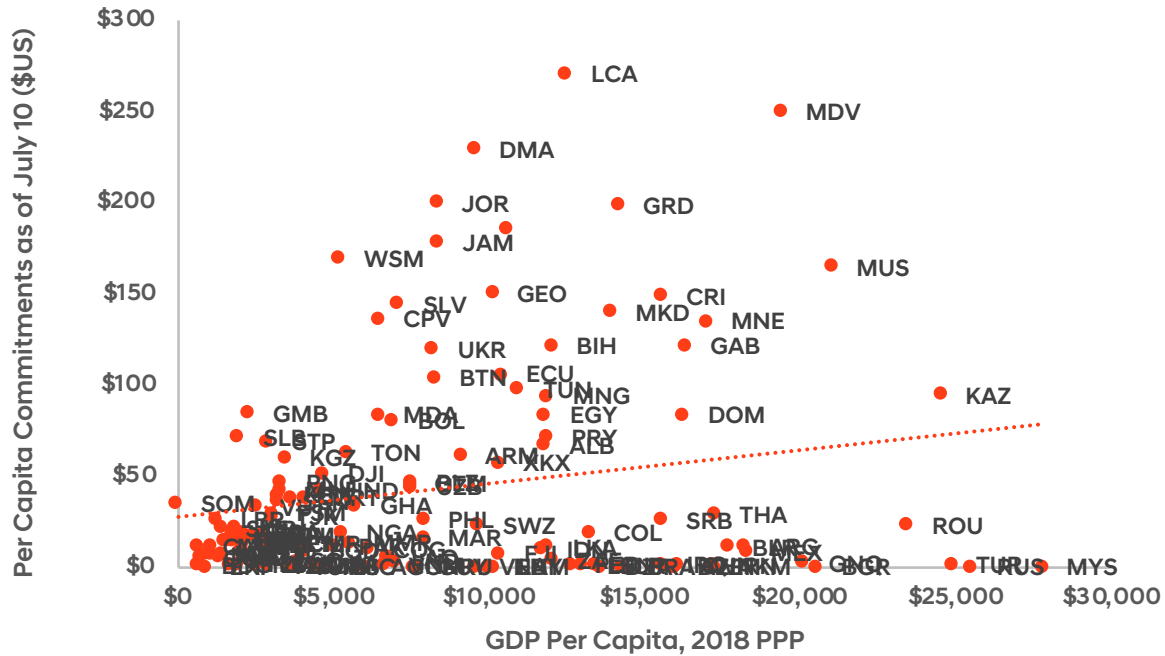
Notes:

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.

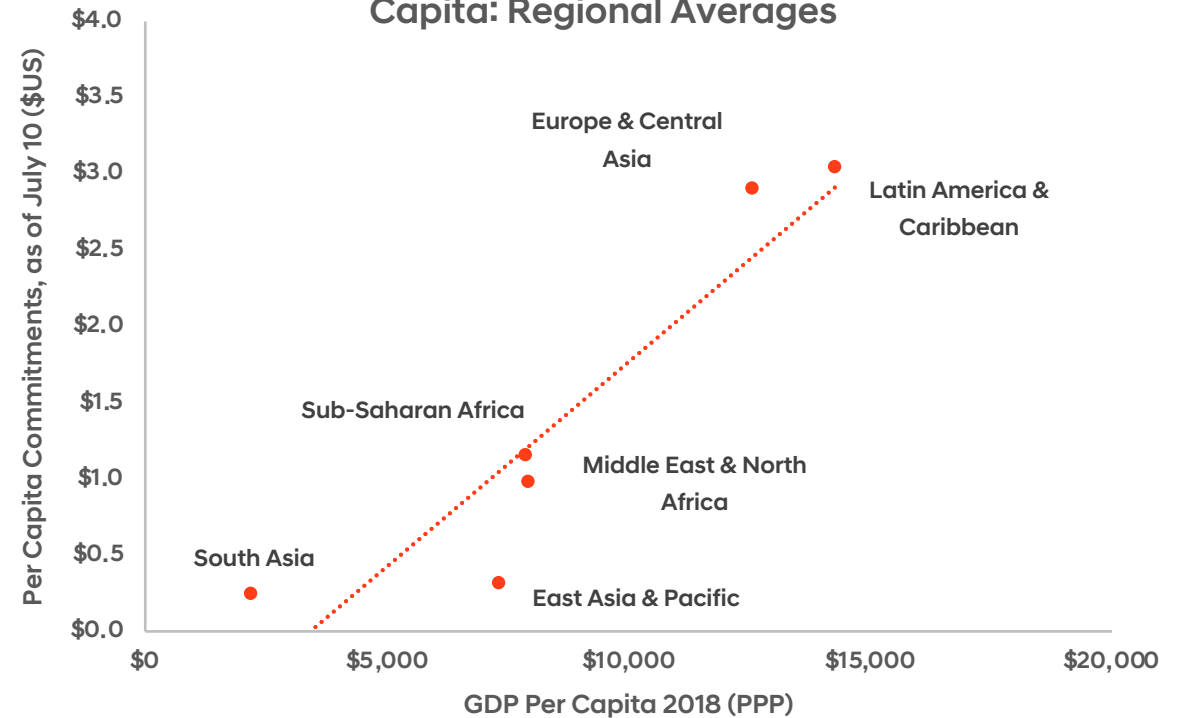
Regional averages are weighted by population.

FLAWS ARE BEING MADE TO SUPPORT LARGER ECONOMIES. THE PER PERSON FLOW IS HIGHER FOR THOSE LIVING IN RICHER ECONOMIES.

Benchmarking Commitments against GDP Per Capita

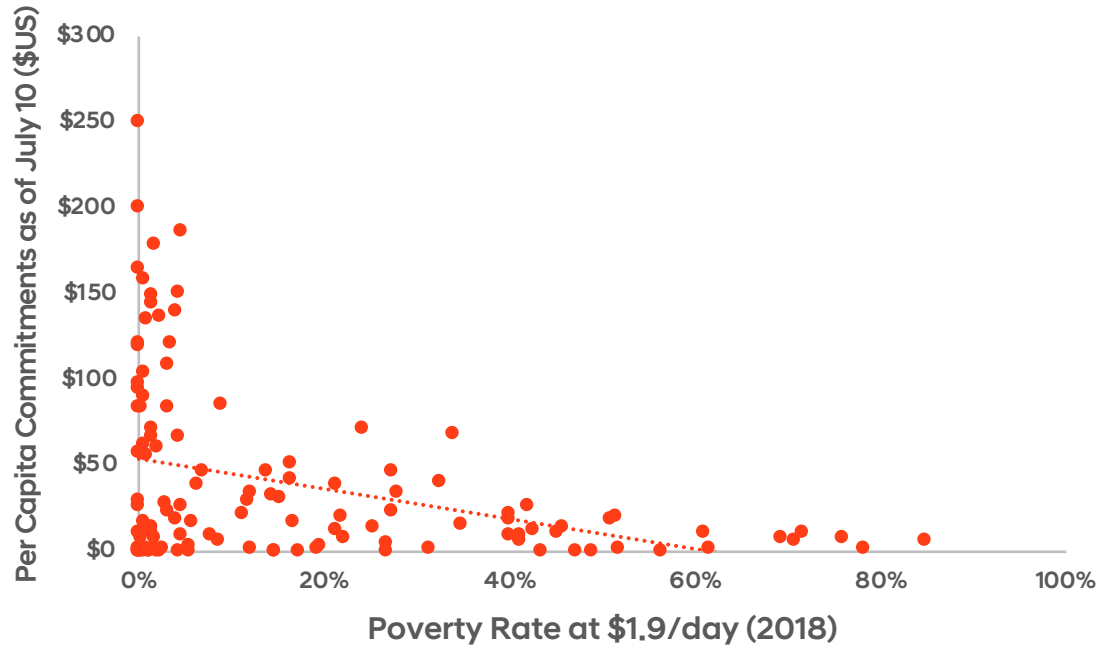


Benchmarking Commitments against 2018 GDP Per Capita: Regional Averages

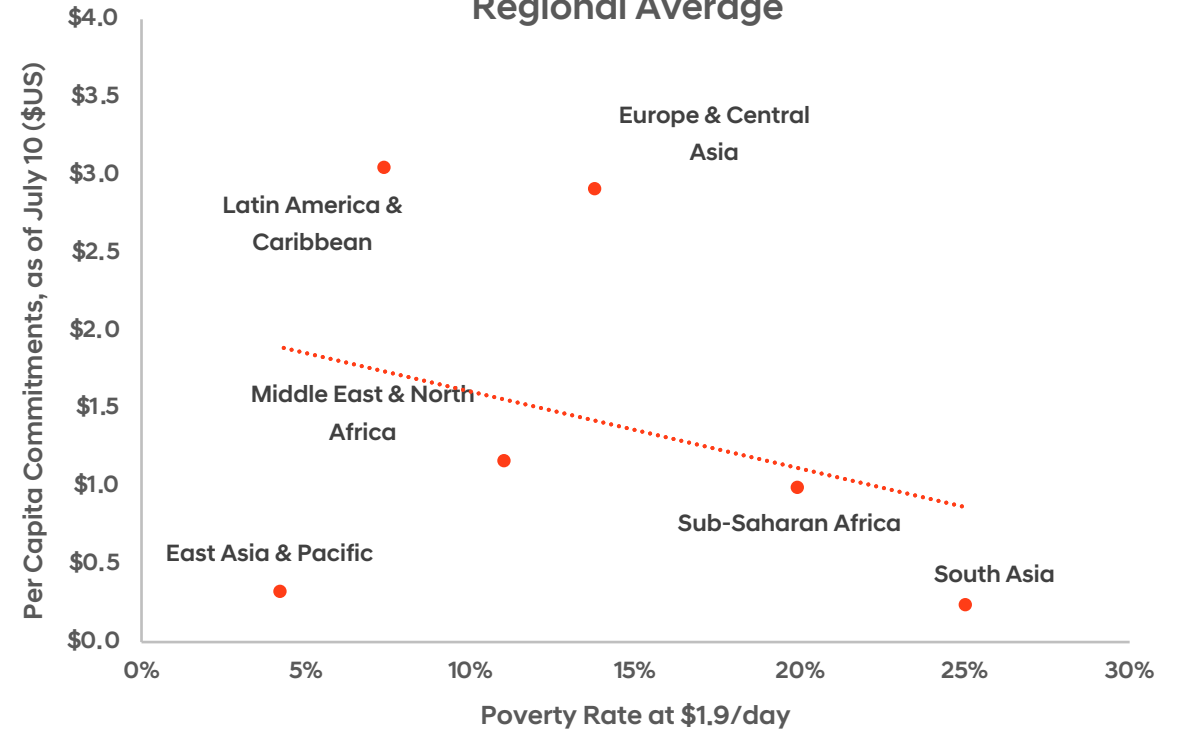


YET, IT IS LOWER FOR THOSE LIVING IN COUNTRIES WITH HIGH POVERTY RATES.

Benchmarking Commitments against Poverty Rate

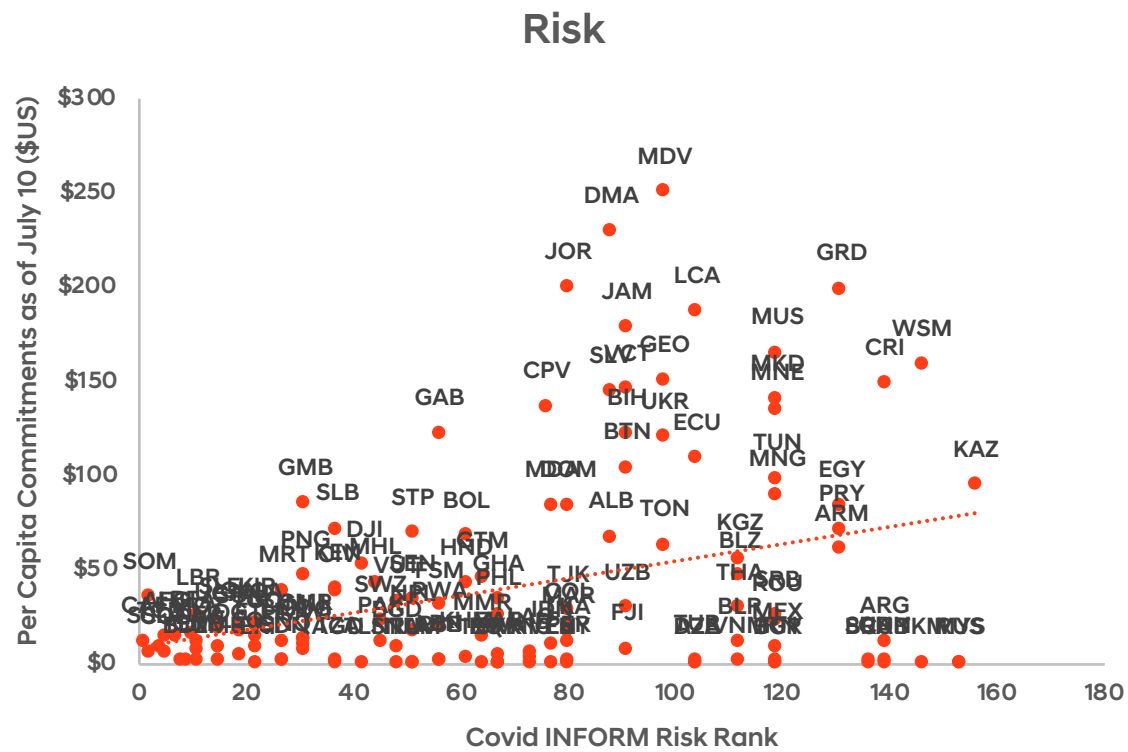


Benchmarking Commitments against Poverty Rate: Regional Average

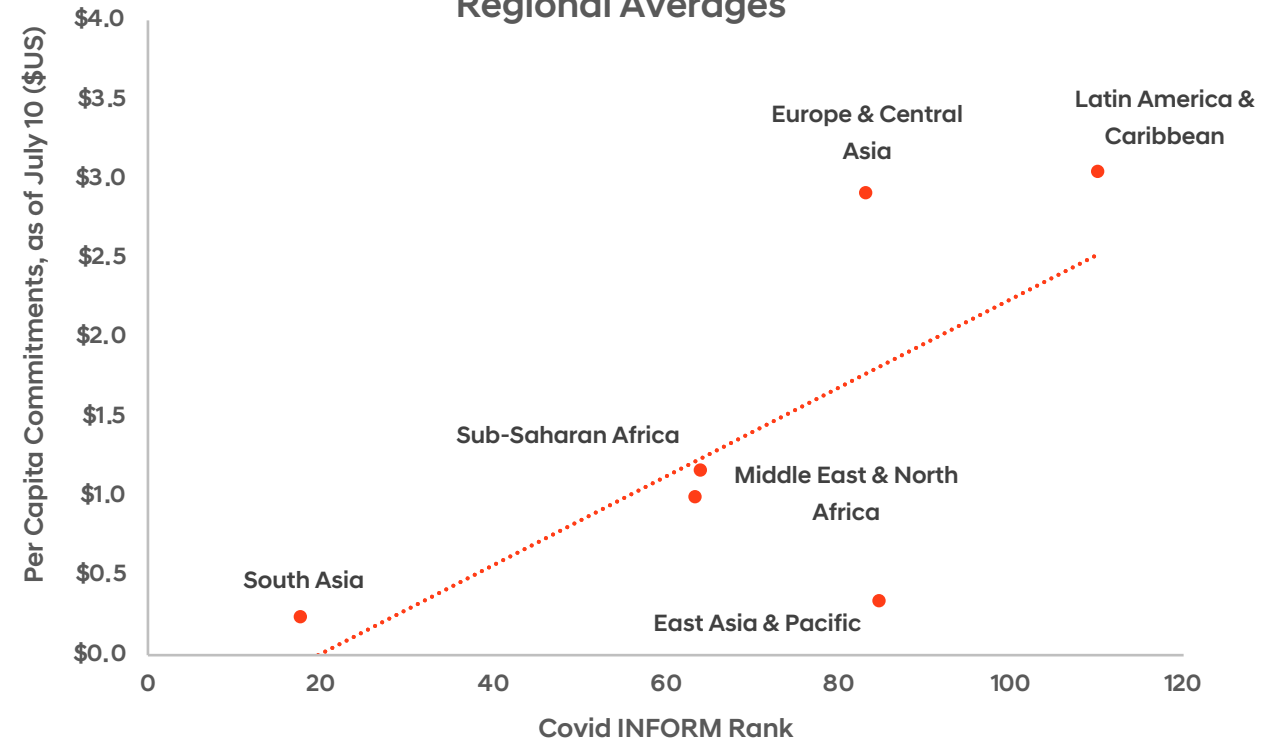


BUT THIS COULD REFLECT THE LARGER IMPACT OF COVID-19 ON RICHER ECONOMIES. THE PER PERSON FLOW IS HIGHER IN COUNTRIES WITH HIGH DISEASE RISK.

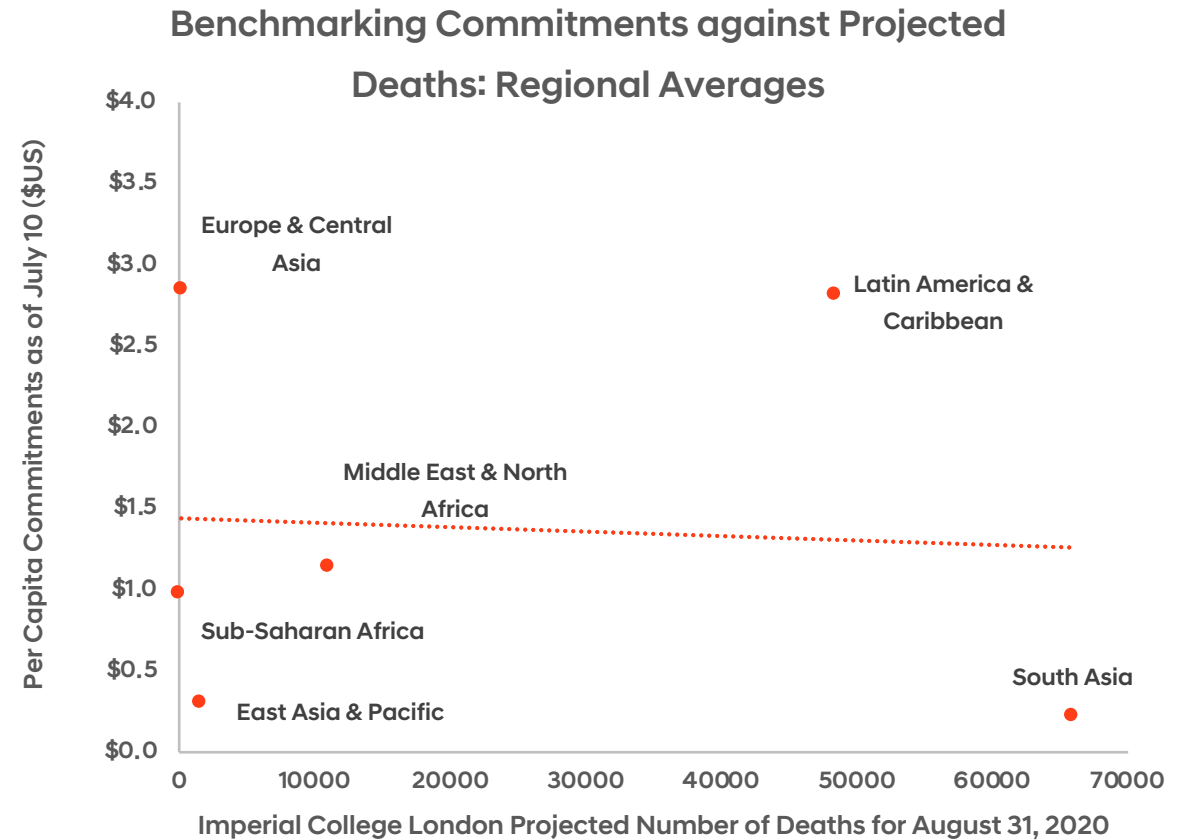
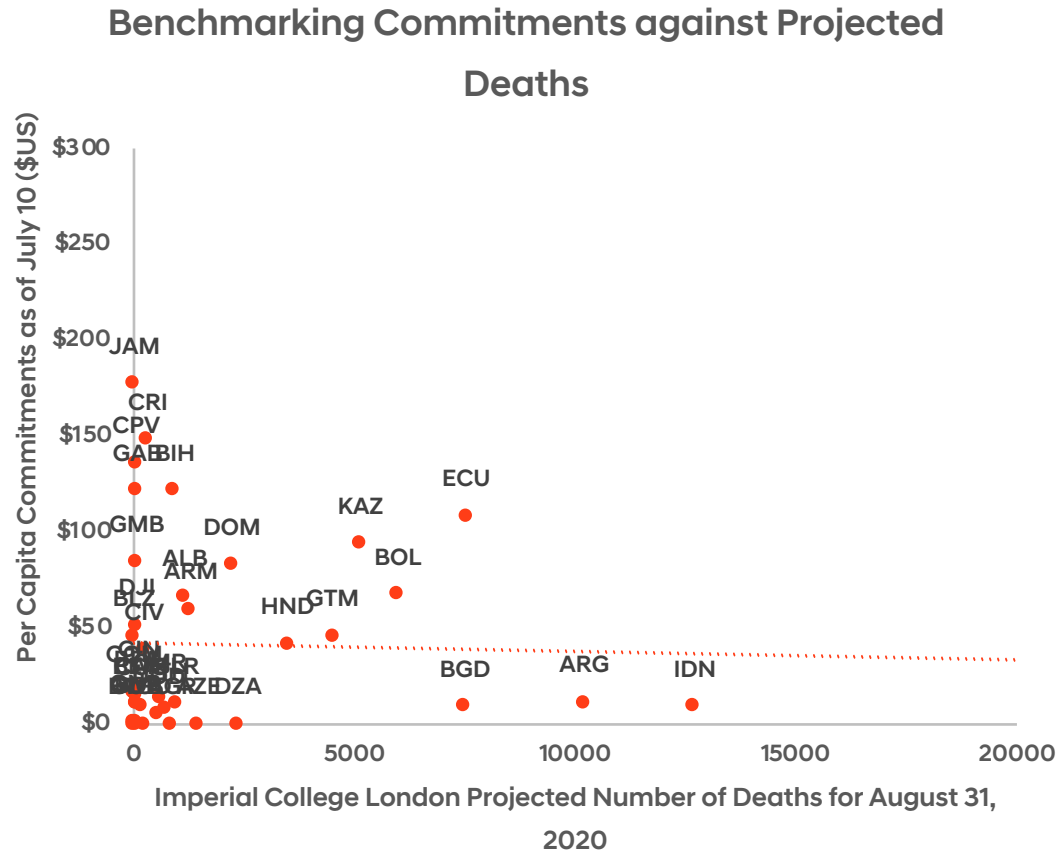
Benchmarking Commitments against COVID



Benchmarking Commitments against COVID Risk: Regional Averages

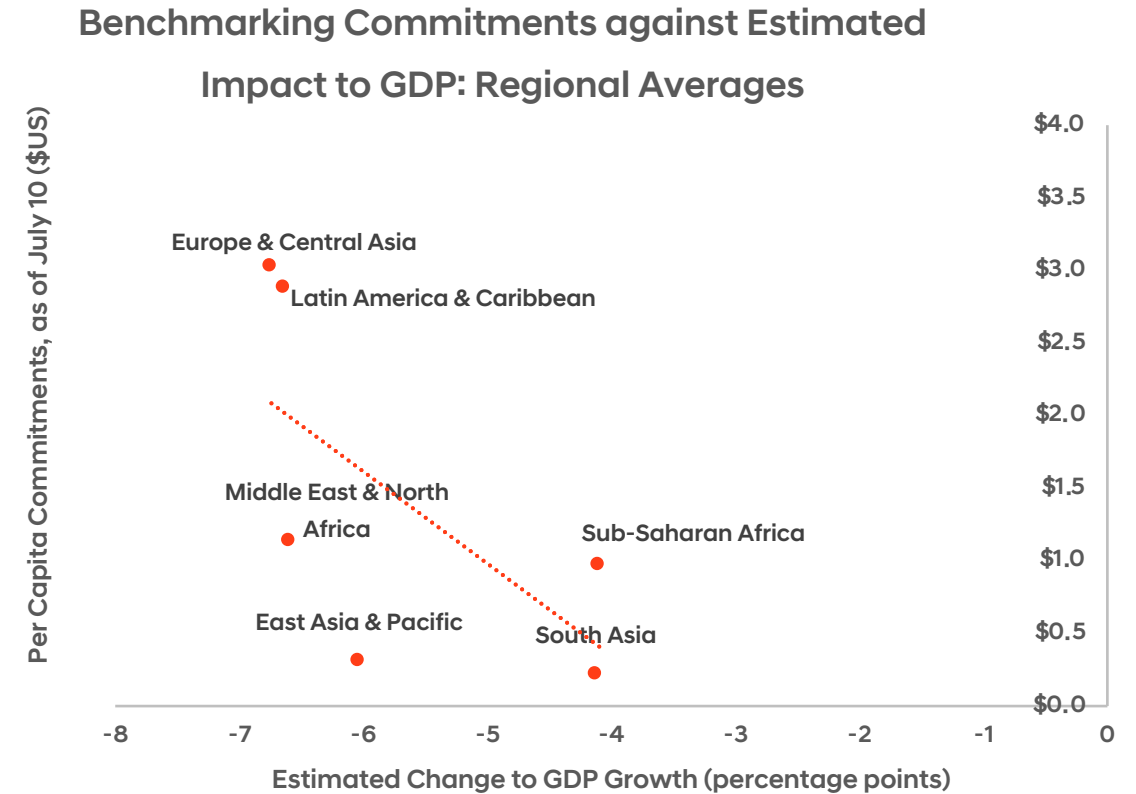
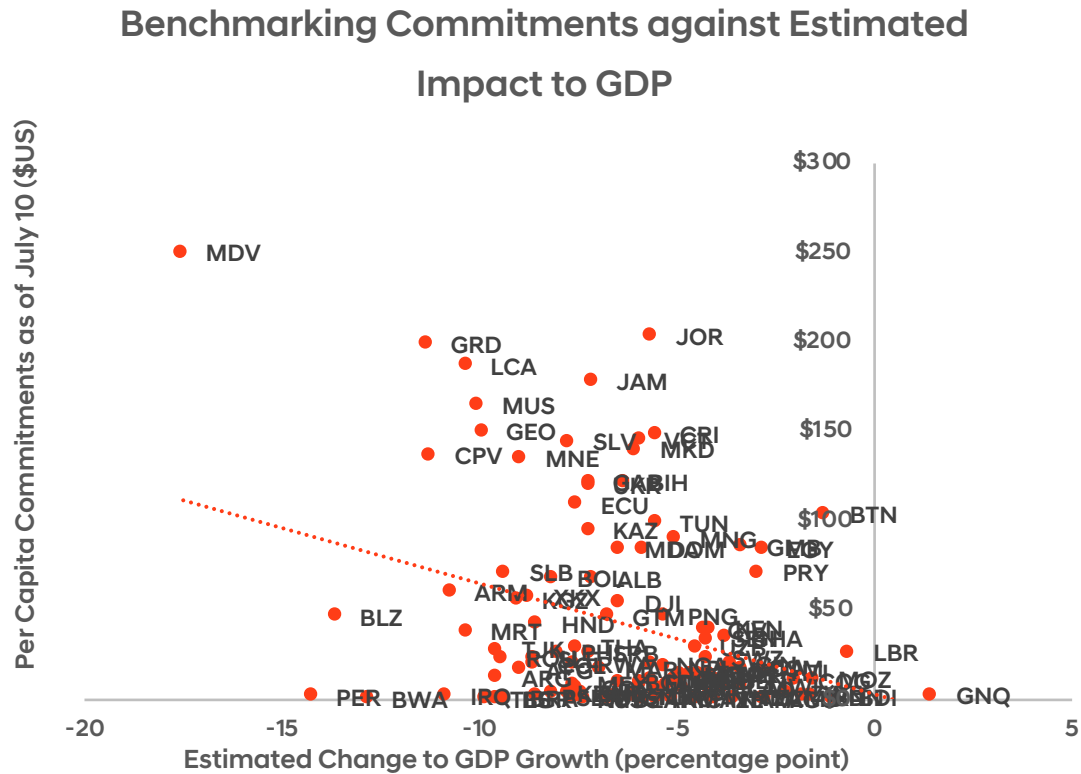


THE RELATIONSHIP DISAPPEARS IF WE LOOK AT THE CURRENT PROJECTED IMPACT ON HEALTH.



Projections as of June 21 MRC Centre for Global Infectious Disease Analysis, Imperial College London.
Country scatter restricts to low- and middle-income country with data on projected death, excluding Brazil and India.

PER PERSON FLOWS ARE LARGER FOR COUNTRIES WITH A LARGE ESTIMATED IMPACT OF COVID-19 ON GDP GROWTH.

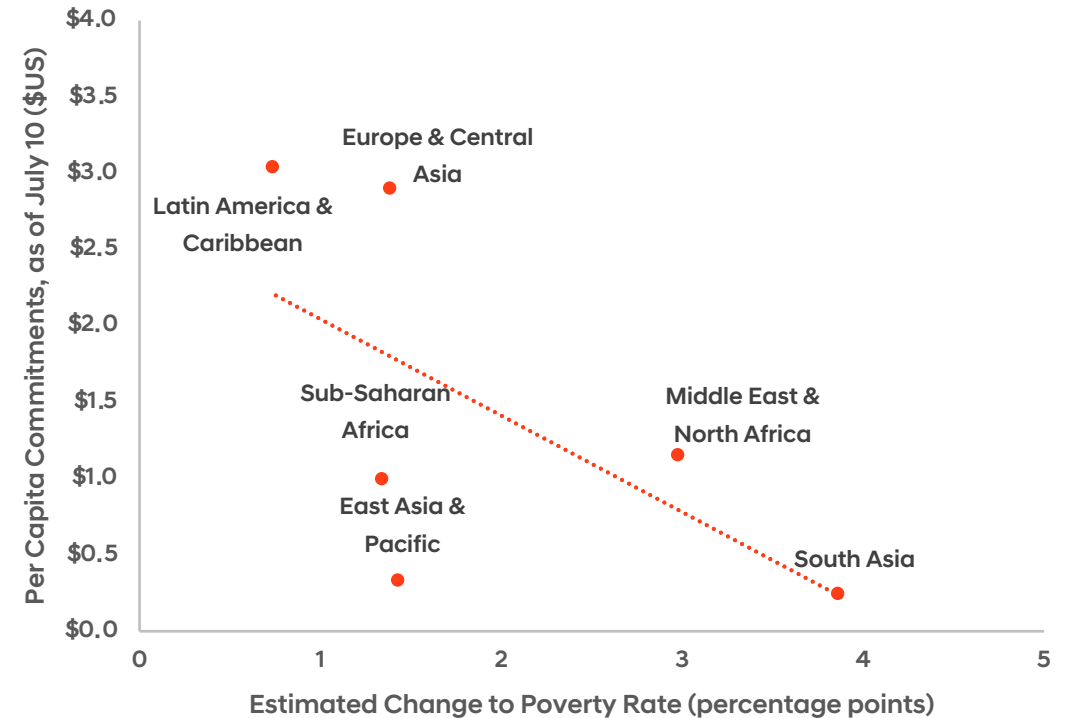


HOWEVER, PER PERSON FLOWS ARE NEGATIVELY CORRELATED WITH THE ESTIMATED IMPACT OF THE COVID-19 CRISIS ON POVERTY.

Benchmarking Commitments against Impact to Poverty Rate



Benchmarking Commitments against Estimated Impact to Poverty: Regional Averages



THE NEGATIVE CORRELATION BETWEEN FLOWS AND POVERTY IMPACT COULD REFLECT THE LOWER ABILITY TO BORROW AMONG POOR COUNTRIES.

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](#) for the first phase of the response was 0.1% 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 (%)

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

* As of June when IDA-18 ended. Counting all Covid-19 lending to blend countries as IDA

THE COUNTRIES WHO TAKE ADVANTAGE OF THE LENDING ALLOCATION TEND TO BE THOSE WHO USUALLY BORROW.

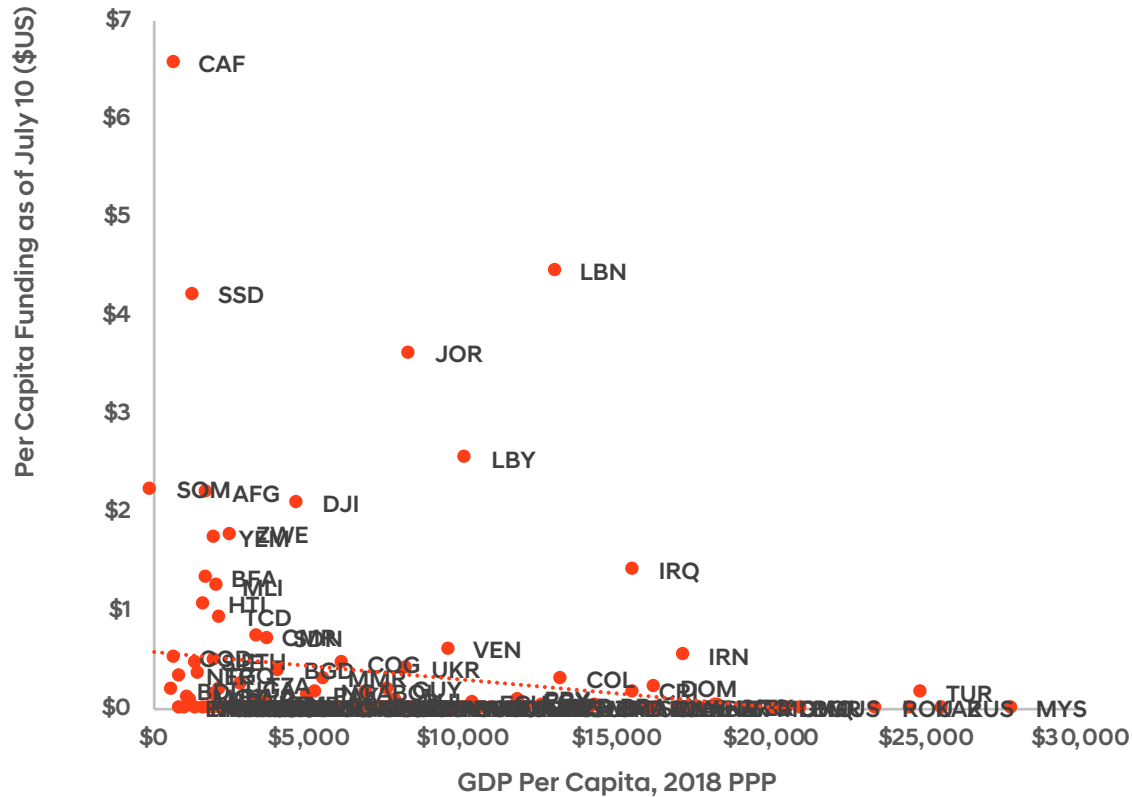
A positive trend arises from comparing Covid-19 loan commitments against average WB loans and grants from 2016-2018. The countries who see more commitments now are those who have seen more in the past.

Bretton Woods Covid Commitments vs. Past WB Support

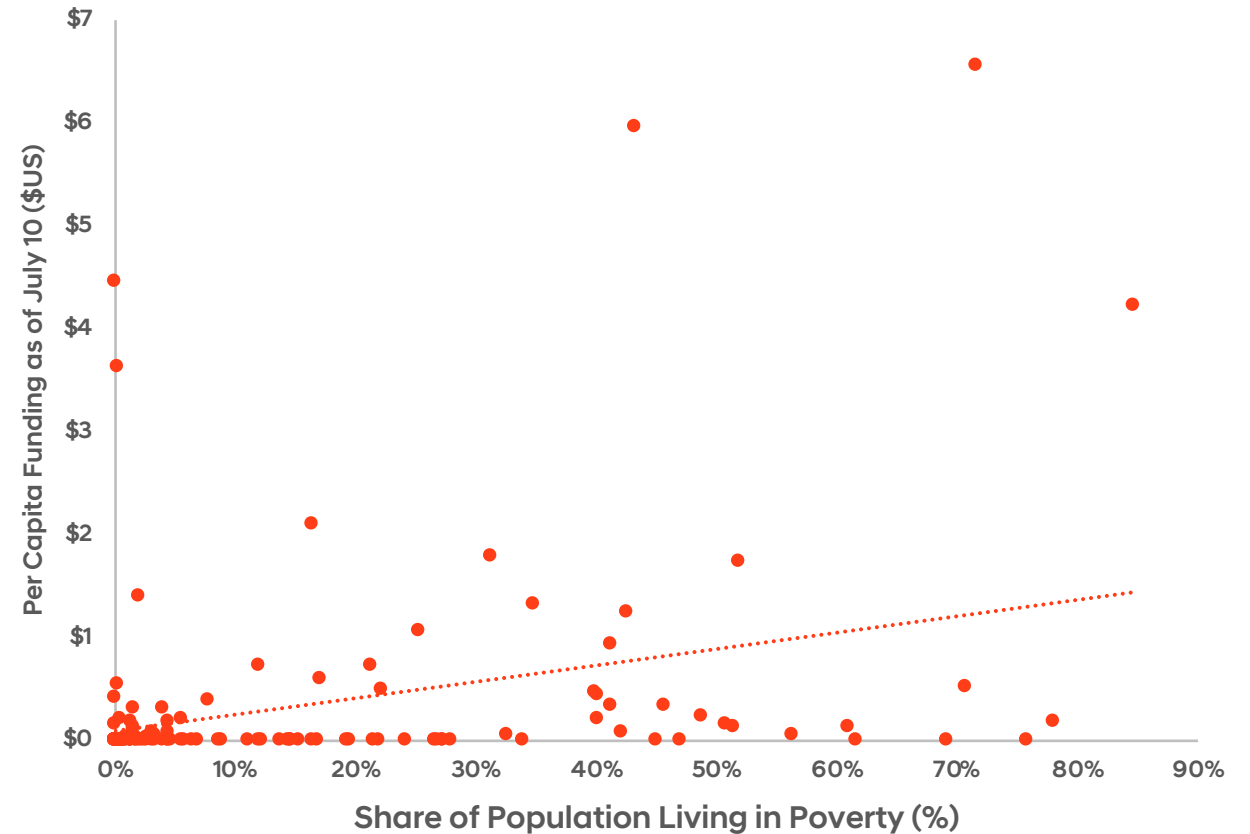


HUMANITARIAN FLOWS ARE WEAKLY DIRECTED TO POORER COUNTRIES, NOT BIGGER ECONOMIES.

Benchmarking UN Appeals against GDP Per Capita

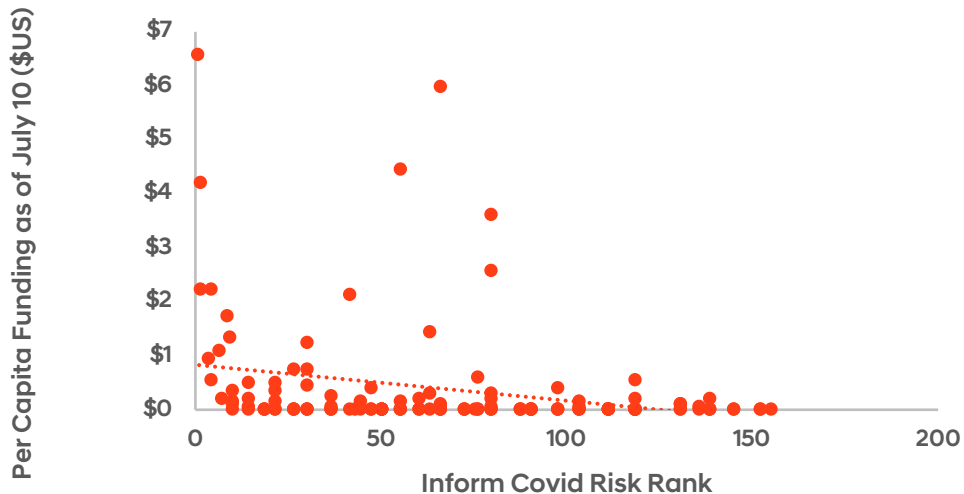


Benchmarking UN Appeals against Poverty Rate

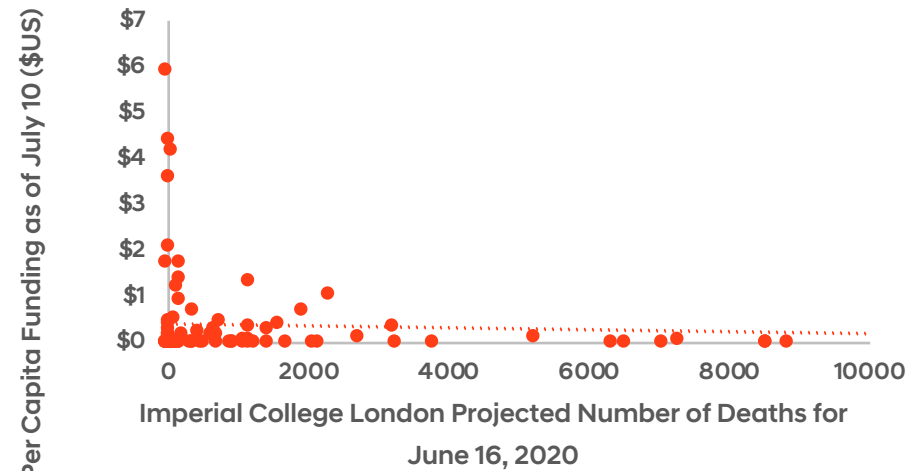


AMONG COUNTRIES SELECTED FOR ASSISTANCE, THERE IS A WEAK CORRELATION BETWEEN SIZE OF HUMANITARIAN FLOWS AND THE ESTIMATED IMPACTS OF THE COVID-19 CRISIS.

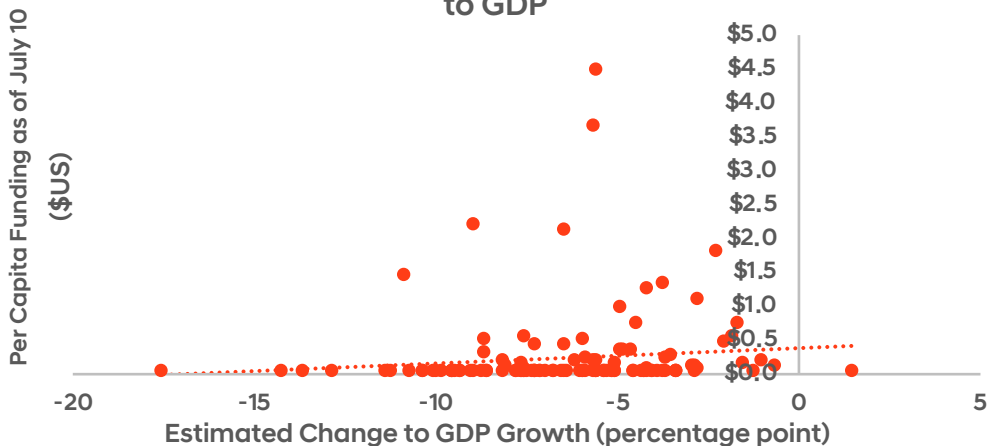
Benchmarking UN Appeals against COVID Risk



Benchmarking UN Funding against Projected Deaths



Benchmarking UN Appeals against Estimated Impact to GDP



Benchmarking UN Funding against Impact to Poverty Rate

