



THE PRESIDENT
OF THE
ECONOMIC AND SOCIAL COUNCIL

5 June 2020

Excellency,

I would like to extend to you my sincere gratitude for your participation in the informal meetings of the ECOSOC Forum on Financing for Development, held virtually on 23 April and 2 June 2020.

Your contributions to the discussion resulted in highly successful meetings, which underlined the critical importance of Financing for Development in responding to the pandemic and enabling a resilient and sustainable recovery. These meetings also helped highlight the needs and the principal avenues for countries to access the funding and financing solutions required to effectively address the challenges associated with COVID-19.

In the context of the challenges faced by countries across the globe, ECOSOC has an important responsibility to convene Member States to promote cooperation and demonstrate solidarity. It is equally important for the Council to mobilize the entire UN system and beyond, as well as all resources at its disposal to tackle the challenges and sufferings we are facing.

With your support and the assistance of the Secretariat, I am pleased to say that we have successfully addressed these responsibilities. The FFD Forum resulted in an outcome document, which represents the first set of universally agreed policy guidance on financing COVID-19 response and recovery. We have achieved this collectively despite the extraordinary circumstances. With the Forum meeting on 2 June, the Council convened the UN system and international organizations that collectively offer over \$1.2 trillion for countries most in need. I believe the meeting helped Member States to gain better understanding of the concrete policy and financing options already available to tackle the global crisis and build back better.

In this connection, I am delighted to attach to this letter a mapping of funding mechanisms for COVID-19 response, which highlights funding options available to Member States. It can also be found on the FFD Forum website. A summary of the proceedings of the Forum will also be issued in due course. I would like to invite you to share any written remarks with the Financing for Sustainable Development Office through ffdforum@un.org so that it can be made available on the meeting website.

I look forward to your continued engagement with the Financing for Development Forum at this critical juncture.

Please accept, Excellency, the assurances of my highest consideration.

Mona Juul

All Permanent Representatives and
Permanent Observers to the United Nations
New York

Funding mechanisms for COVID-19 response¹

1. United Nations System:

1) COVID-19 Response and Recovery Fund

The United Nations established a **UN inter-agency fund mechanism** with the aim of stopping transmission, protecting the vulnerable, and building resiliency. The financial requirements of the Fund are **projected at US\$2 billion, with US\$1 billion needed in the first nine months of operation.**

<https://unsdg.un.org/sites/default/files/2020-03/SG-Response-and-Recovery-Fund-Fact-sheet.pdf>

2) WHO COVID-19 Appeal: Strategic Preparedness and Response Plan

COVID-19 Member-State Pooled Fund, in addition to traditional grant Agreements enable WHO to deliver on its mandate and implement the priority actions outlined in the COVID-19 Strategic Preparedness and Response Plan (SPRP). The Pooled Fund enables Member States to pool their contributions into a single, unearmarked fund that can be used immediately to support countries. It facilitates rapid action by WHO through increased flexibility and reduced administrative processes. The Pooled Fund is an important mechanism for both WHO and Member States, which enables flexibility, efficiency, and value for money. The financial needs of WHO to respond across the three levels of the Organization are estimated at US\$ 1.74 billion for the year until the end of December 2020.

<https://www.who.int/emergencies/diseases/novel-coronavirus-2019/donors-and-partners>

3) WHO COVID-19 Solidarity Response Fund

The fund, created by the United Nations Foundation and the Swiss Philanthropy Foundation, together with WHO, allows everyone (individuals and organizations) to directly support the response coordinated by WHO. The funds goes towards actions outlined in the COVID-19 **Strategic Preparedness and Response Plan** to enable all countries – particularly those most vulnerable and at-risk, and with the weakest health systems – to prepare for and respond to the COVID-19 crisis including rapidly detecting cases, stopping transmission of the virus, and caring for those affected.

<https://www.who.int/emergencies/diseases/novel-coronavirus-2019/donors-and-partners>

¹ This mapping serves an informational background for the ECOSOC informal meeting of the FFD Forum on 2 June 2020. It focuses on selected funding mechanisms in the UN system, multilateral development banks and other financial institutions, thus not intended to be exhaustive. Please visit the official websites provided for the most up to date information.

4) WHO Contingency Fund for Emergencies (CFE)

The Contingency Fund for Emergencies (CFE) gives WHO the resources to respond immediately to disease outbreaks and humanitarian crises with health consequences. The ability to respond quickly – in as little as 24 hours - before other funding is mobilized can stop a health emergency from spiralling out of control, saving lives and resources. To date, in response to COVID-19 WHO has released US\$10mil for urgent preparedness and response activities globally.

<https://www.who.int/emergencies/funding/contingency-fund-for-emergencies>

5) Global Humanitarian Response Plan for COVID-19

On 25 March 2020, the UN and its partners launched a **US\$2 billion Global Humanitarian Response Plan (GHRP)** for raising resources and coordinating the response to immediate COVID-19 related health and multi-sectoral humanitarian needs of the most vulnerable people in countries already facing a humanitarian crisis (e.g. refugees, internally displaced persons, host communities, other vulnerable populations). On 7 May, the updated GHRP was issued with a revised requirement of \$6.7 billion in support of response in 63 countries with humanitarian crises. To date (26 May), the GHRP has received \$1.1 billion in funding (17 per cent of the total requirements appealed for). Since early February, OCHA's pooled funds – the Central Emergency Response Fund and Country-based Pooled Funds (CBPF) – have allocated a combined total of \$222 million to support time-critical humanitarian action in response to COVID-19-related needs in over 43 countries (by 26 May).

https://www.unocha.org/sites/unocha/files/GHRP-COVID19_May_Update.pdf

<https://fts.unocha.org/appeals/952/summary>

<https://pfb.unocha.org/COVID19/>

6) COVID-19 Rural Poor Stimulus Facility (RPSF)

UN's International Fund for Agricultural Development (IFAD) committed **US\$40 million through the establishment of its multi-donor RPSF**. This initiative seeks to improve the resilience of rural livelihoods in the context of the crisis by ensuring timely access to inputs, information, markets and liquidity.

<https://www.ifad.org/en/web/latest/news-detail/asset/41877895>

2. Bretton Woods Institutions

1) World Bank Group

World Bank Group is prepared to provide up to **\$160 billion over the next 15 months** in financing tailored to the health, economic and social shocks countries are facing, including \$50 billion of IDA resources on grant and highly concessional terms. The broader economic program will aim to shorten the time to recovery, create conditions for growth, support small and medium enterprises, and help protect the poor and vulnerable.

International Finance Corporation

IFC is providing **\$8 billion in financing** to help private companies affected by the pandemic and preserve jobs. This funding is important to micro, small and medium-sized enterprises, which are especially vulnerable to global shocks. The IFC response will go to client banking institutions, so they can continue to offer **trade financing, working-capital support and medium-term financing to private companies** impacted by the pandemic. It will also help existing clients in economic sectors directly affected by the pandemic--such as tourism and manufacturing—to continue to pay their bills and employees.

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

Multilateral Investment Guarantee Agency (MIGA)

MIGA has launched a **\$6.5 billion facility to support private sector investors and lenders** in tackling the pandemic. The facility redirects MIGA's capacity toward the purchase of urgent medical equipment, providing working capital for small and medium enterprises, and supporting governments' short-term funding needs.

<https://www.worldbank.org/en/who-we-are/news/coronavirus-covid19>

2) **International Monetary Fund (IMF)**

The IMF is deploying **USD 1 trillion** to manage the economic and social fallout of COVID-19 along with providing policy advice and technical assistance.

The IMF has responded to calls for emergency financing from 102 countries so far. The Fund has **doubled the access to its emergency facilities—the Rapid Credit Facility (RCF) and Rapid Financing Instrument (RFI)**—allowing it to meet the expected demand of about \$100 billion in financing. It has also approved the **establishment of a Short-term Liquidity Line (SLL)** to further strengthen the global financial safety. The facility is a revolving and renewable backstop for member countries with very strong policies and fundamentals in need of short-term moderate balance of payments support. In addition, the IMF is also **augmenting existing lending programs** to accommodate urgent new needs arising from the coronavirus.

The IMF has approved immediate **debt service relief to 25 countries** under the **IMF's revamped Catastrophe Containment and Relief Trust (CCRT)** as part of the Fund's response to help address the impact of the COVID-19 pandemic. This provides grants to the Fund's poorest and most vulnerable members to cover their IMF debt obligations for an initial phase over the next six months. The Fund is

working to almost triple the CCRT from about USD 500 million to USD 1.4 billion to extend the duration of relief.

The IMF Managing Director and the President of the World Bank recognized the heavy burden this crisis is having on Low Income Countries and have called on **bilateral creditors to suspend debt service payments from the poorest countries**. This would serve as a powerful, fast-acting initiative that will do much to safeguard the lives and livelihoods of millions of the most vulnerable people.

<https://www.imf.org/en/Topics/imf-and-covid19>

3. Regional Development Banks and other financial institutions

1) European Bank of Reconstruction and Development (EBRD)

EBRD is extending support through a solidarity package worth **€21 billion up until the end of 2021**. A central pillar this package is a Resilience Framework providing finance to meet the short-term liquidity and working capital needs of existing clients.

The Bank has also committed to expand financing under its **Trade Facilitation Programme**, which will keep open the channels of commerce. It will also offer fast track restructuring for distressed clients. Further, it will enhance established frameworks that can reach out especially to small and medium-sized enterprises (SMEs) and corporates making the real economy more resilient. Another element in the Solidarity Package is a new **Vital Infrastructure Support Programme** to meet essential infrastructure requirements, including financing for working capital, stabilisation and essential public investment.

<https://www.ebrd.com/what-we-do/coronavirus/coronavirus-policy-response>

2) Asian Development Bank (ADB)

ADB has announced a **\$20 billion package** to address the needs of its developing member countries (DMCs) as they respond to the COVID-19 pandemic. The \$20 billion package includes about **\$2.5 billion in concessional and grant resources** and **\$2 billion for the private sector**. Loans and guarantees will be provided to financial institutions to rejuvenate trade and supply chains. About **\$6.2 billion** of the total package will be generated from re-programming, reallocations, and savings on existing projects and technical assistance (TA).

<https://www.adb.org/documents/adb-comprehensive-response-covid-19-pandemic-policy-paper>

3) African Development Bank (AfDB)

AfDB has announced the creation of the **COVID-19 Response Facility** which will provide **up to \$10 billion** to member states. The Facility entails \$5.5 billion for sovereign operations in African Development Bank countries, and \$3.1 billion for sovereign and regional operations for countries under the African Development Fund,

the Bank Group's concessional arm that caters to fragile countries. An additional \$1.35 billion will be devoted to private sector operations.

AfDB also raised a **bond social loan of \$3 billion** called "Fighting the Covid-19" on the international financial markets. This is reported to be the largest dollar social bond transaction to date in capital markets

In addition, AfDB has **contributed \$2 million in emergency assistance for the World Health Organization (WHO)** to reinforce its capacity to help African countries contain the COVID-19 pandemic and mitigate its impacts.

<https://www.afdb.org/en/news-and-events/press-releases/african-development-bank-group-unveils-10-billion-response-facility-curb-covid-19-35174>

<https://www.afdb.org/en/news-and-events/press-releases/african-development-bank-approves-2-million-emergency-assistance-who-led-measures-curb-covid-19-africa-35054>

4) Asian Infrastructure Investment Bank (AIIB)

AIIB has provided a total of **\$10 billion** under its COVID-19 Crisis Recovery Facility. The Bank is providing assistance in three key areas: (1) to help alleviate health care pressures in the form of health infrastructure and pandemic preparedness; (2) liquidity support through on-lending facilities and credit lines via financial institutions to address working capital and liquidity shortages and (3) immediate fiscal and budgetary support.

<https://www.aiib.org/en/news-events/news/2020/AIIB-Doubles-COVID-19-Crisis-Response-to-USD10-Billion.html>

5) Inter-American Development Bank (IDB)

IDB has made available **\$2.8 billion** to tackle the public health crisis and its economic ravages. The initiative features four components: the immediate public health response, aid to vulnerable people most in need, assistance for companies and their employees so as to minimize losses, and support for fiscal policy. Of the \$2.8 billion, \$1.7 billion has been made available to the countries of Central America and the Dominican Republic.

<https://www.iadb.org/en/news/idb-approves-more-funding-central-america-and-dominican-republic-fight-covid-19>

6) Islamic Development Bank Group (IsDBG)

IsDB has approved **US\$ 2.3 billion** for the IsDB Group Strategic Preparedness and Response Programme for COVID-19 pandemic. The Programme adopts a 3-R approach, with each component focusing on Respond, Restore and Restart and with technology playing a key role at each stage.

<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>

7) OPEC Fund for International Development

OPEC Fund for International Development has announced **\$1 billion** to fund COVID-19 impact and recovery efforts in developing countries to be deployed in the form of OPEC Fund **public, private and trade finance loans**. In an earlier package announced in March 2020, it stated **\$200 mn** to be deployed via **long-term loans, private sector and trade finance facility windows and grants**.

<https://opecfund.org/media-center/press-releases/2020/the-opec-fund-dedicates-us-1-bn-to-covid-19-efforts-in-developing-countries>

<https://opecfund.org/news-stories/the-opec-fund-commits-us-200m-to-fight-against-covid-19>

8) New Development Bank

New Development Bank **extended RMB 7 billion (\$985 million) in an Emergency Assistance Program Loan to China** aimed at helping the Chinese government in combating the outbreak of COVID-19. The Program is aimed at China's three provinces, Hubei, Guangdong and Henan that are hit the hardest by COVID-19. It also fully disbursed **\$1 billion emergency assistance loan to India** to help it contain the spread of COVID-19 and reduce human, social and economic losses.

https://www.ndb.int/press_release/ndb-board-of-directors-approves-rmb-7-billion-emergency-assistance-program-loan-to-china-to-fight-covid-19-outbreak/

<https://www.ndb.int/emergency-assistance-program-in-combating-covid-19-india/>

9) Development Bank of Latin America (CAF)

CAF – Development Bank of Latin America is supporting the region through a series of financial and technical instruments. It has extended a **regional emergency credit line of \$2.5 billion to reinforce** countercyclical economic measures. CAF has also provided **non-reimbursable technical cooperation resources** for up to **\$400 thousand per country and a contingent credit line of up to \$50 million per country** for direct care of public health systems and protection of the most vulnerable.

<https://www.caf.com/es/actualidad/noticias/2020/04/respuesta-de-caf-frente-al-covid-19/?parent=53444>

10) Development Bank of Central African States (BDEAC)

The Development Bank of Central African States (BDEAC) is providing **XAF3 billion (\$4.9 million)** to help CEMAC countries in their crusade against the coronavirus pandemic.

<https://www.businessincameroon.com/public-management/2304-10236-the-bdeac-releases-xaf3-bln-to-support-cemac-countries-covid-19-response-plans>

11) West African Development Bank (BOAD)

BOAD is providing **grants to member countries of XOF120 billion (\$197.6 mn) in concessional loans (XOF15 bn or \$24.7 mn per country)** to be disbursed immediately. It has also suspended principal repayment involving XOF76.6 billion owed by member countries for the rest of the year, in support to their response to the pandemic.

<https://www.boad.org/en/covid-19-in-support-to-emergency-measures-boad-grants-xof120-billion-to-the-waemu-member-countries-and-freezes-debt-repayment-involving-xof76-6-billion/>