



5 LESSONS

from past economic and social crises to inform the COVID-19 response



The speed of response is of essence in these situations, as is the flexibility to adjust programs, resources, and portfolios to support clients' most urgent needs. Development Policy Financing (DPF), which provides fast-disbursing budget support to client countries, is typically the World Bank's workhorse instrument in responding to crises because it is flexible in terms of policy focus and adaptability to different situations and large amounts of cash can be transferred to client governments very quickly.

In a crisis, there is no time to address the full range of complex reform issues that may be needed in normal times. Instead it is important to focus on the most critical issues. In this crisis, that is likely to include interventions focused on urgent priorities with short-term impact: support for public health; budget support for social safety nets; and budgetary and financial sector support for economic recovery. This is also likely to include intensive policy dialogue and assistance to help governments shift their budgetary priorities in response to crisis needs.



While it is critical to provide financial support and relief in the short term, it is also important to think beyond the immediate needs to recovery for the long term. That often requires focusing on select, critical policy and institutional reforms that can begin to be implemented during the crisis and extended in the recovery period to help "build back better" systems and strengthen crisis preparedness for the future.



Focus on people - especially those in poverty. During economic crises, it is often necessary to focus on businesses and banks who are at the forefront of the economic impact, but the fact is that all crises are human crises. The COVID-19 crisis began as a public health crisis. So, focusing interventions to maximize their positive impact on the poor and vulnerable is imperative.



This is a clear and consistent lesson from past crises, and relates not only to multilateral agencies, but also major donor countries, the Group of G-7 and G-20 countries, and regional development banks. This helps leverage knowledge, global footprint, policy dialogue, and financial firepower with development partners on the immediate goal of helping countries cushion the impact and better prepare for recovery. It also requires sound monitoring and evaluation based on evidence to ensure transparency and accountability.