

# KEEPING THE PRIVATE SECTOR ALIVE DURING THE CORONAVIRUS (COVID-19)

## 4 lessons from past crises

1

### INTERNATIONAL FINANCIAL INSTITUTIONS MUST ACT FAST

Governments are often the fastest way to get support to the private sector. When the World Bank provides general budget financing, it can be channeled to banks and businesses to fund payrolls, provide guarantees, credit or loan forbearance.

World Bank Investment Lending can get to enterprises faster when adding finance to existing loans and when designing new simple or repeater loans. IFC's direct support to the private sector should focus on programs and instruments that already have a solid track record and have shown the capacity for rapid mobilization during a crisis.



2

### MAKE SURE PROJECTS REACH THE BUSINESSES THAT NEED THE HELP

Rapid project preparation is critical during a crisis, but it is vital they are well designed with effective systems for targeting the hardest-hit businesses and monitoring to ensure the help has actually reached them. Financial intermediary loans have been widely used during crisis but subsequent evaluations found that few FILs were able to disburse rapidly, targeting was an ongoing problem for many of them, and results monitoring was weak



3

### UNDERSTANDING THE BUSINESS ENVIRONMENT IS KEY

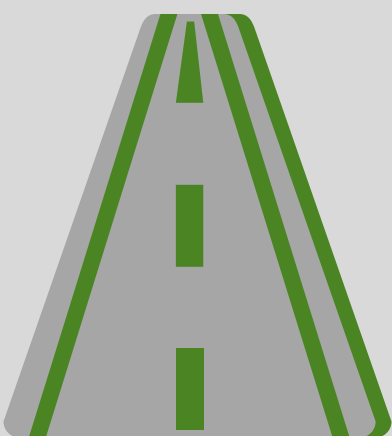
Drawing from an existing stock of knowledge or commissioning new analytic and advisory work can ensure that interventions are aimed at the most important problems faced by the private sector, and that resources are directed to their best uses. In countries where pre-crisis engagement was low, knowledge gaps left the Bank unprepared to help map out actionable, forward-looking programs and the quality of lending suffered.



4

### WHEN THE CRISIS IS OVER, THE PRIVATE SECTOR STILL NEEDS SUPPORT

Even when responding to a crisis, there is a need for longer term planning, focused on an enduring restoration of growth and employment, and sustained responses. A roadmap for crisis engagement should be based on ongoing, systemic analysis of stress factors, a framework for coordination within the World Bank Group and with other international financial institutions, and a review of instruments for effective crisis support, meaningful growth and medium-term development.



For more details, please see the [learning note](#) that elaborates on each of the four lessons.