



Since January 2020 Elsevier has created a COVID-19 resource centre with free information in English and Mandarin on the novel coronavirus COVID-19. The COVID-19 resource centre is hosted on Elsevier Connect, the company's public news and information website.

Elsevier hereby grants permission to make all its COVID-19-related research that is available on the COVID-19 resource centre - including this research content - immediately available in PubMed Central and other publicly funded repositories, such as the WHO COVID database with rights for unrestricted research re-use and analyses in any form or by any means with acknowledgement of the original source. These permissions are granted for free by Elsevier for as long as the COVID-19 resource centre remains active.

Softening the blow of the pandemic: will the International Monetary Fund and World Bank make things worse?



The coronavirus disease 2019 (COVID-19) pandemic is not only stretching health systems to their limits, it is rapidly becoming a threat to the entire global economy, on a scale much greater than the 2007–08 financial crisis. Policymakers from high-income countries have been quick to respond, pledging unprecedented amounts of support to citizens and businesses. The EU announced a “no limits” commitment to protect European economies by purchasing sovereign and corporate debt, while the US congress has agreed a US\$2 trillion stimulus bill.

Such measures are not, however, open to low-income and middle-income countries (LMICs), which will face the brunt of the COVID-19 burden. Emerging markets were among the first from which investors fled and have so far withdrawn more than \$83 billion from them, the largest capital flow ever recorded. This limits the credit available to governments and businesses, pushes down commodity prices and real economic activity, and ultimately reduces health-system budgets at a time when capacity urgently needs to expand.

The G20 countries envisaged the two leading global financial institutions, the International Monetary Fund (IMF) and the World Bank, playing a central role in supporting these countries, acting as “financial firefighters”.¹ In recent weeks, both announced a set of tools to deal with the pandemic’s impact. But is this the best way to achieve lasting global health security?

The IMF is responding to requests for emergency assistance from more than 80 countries and has made available two emergency funding streams. First, up to \$50 billion of rapid-disbursement funding is available for LMICs, which need not have an existing full-fledged IMF programme.² Second, countries can apply for catastrophe containment and relief trust support, designed to assist with pandemics; this fund has about \$400 million available thus far and might increase further. By early April, only four countries had received support from either instrument, and the IMF’s principal response has been more of the same: urging crisis-stricken countries to apply for conventional loans, albeit with greater flexibility in funding—up to \$1 trillion is reportedly available. These loans are

subject to controversial conditionalities—reforms that must be introduced before money is disbursed. Such conditionalities have adverse effects on population health because they include ill-designed policy measures such as budget cuts, reducing the number and wages of health and social workers, weakening workforce protections, or promoting privatisations.³

The World Bank has announced a \$14 billion package of fast-track assistance, and hopes to deploy up to \$160 billion over the next 15 months.⁴ Rather than using its Health, Nutrition, and Population Division, with its expertise in health, the bulk of this support (\$8 billion) will channel through the International Finance Corporation, the Bank’s private sector financing arm. This arm has been chosen despite its absence of expertise in building public health systems, and the accumulated evidence of the poor (and costly) results of public–private partnerships in health.⁵ Acceptance of World Bank (or IMF) loans would also saddle countries with additional debt repayments that will continue to drain money from health systems.

The remaining \$6 billion is earmarked to support health care directly. The World Bank plans new rapid procurement modalities to bulk-purchase medical supplies. Yet it is unclear whether this will strengthen public health systems that are struggling now or instead finance private health services that might take much needed staff from them.⁴ The latter seems more likely, for two reasons. First, the \$2 billion that the International Finance Corporation will disburse via its Real Sector Crisis Response Facility envisages, among others, loans to private companies in the health-care sector. Second, World Bank President David Malpass clarified that his institution’s support will be conditional on structural adjustment policies mandating deregulation (eg, by promoting private markets in health) or trade liberalisation.⁶

Once again, both the IMF and parts of the World Bank are pursuing policies that will have adverse consequences on health outcomes⁷ because they prioritise fiscal objectives and market-driven solutions. Is there an alternative? We argue, yes.

First, invest in universal public health. Although adequate support must be provided to the economy to

Published Online
April 9, 2020
[https://doi.org/10.1016/S2214-109X\(20\)30135-2](https://doi.org/10.1016/S2214-109X(20)30135-2)

prevent bankruptcies and a longer depression, given that the pandemic is fundamentally a health problem, a ratio of 6:1000 (\$6 billion for health out of \$1 trillion total) cannot be appropriate. Public health systems, which care for the most vulnerable, need adequate funding to recruit and retain health and social workers, run facilities, and purchase equipment and drugs. These investments would help ensure universal coverage.

Second, pandemic funds should promote real economy activities and health and social protection, avoiding conditionalities. Many LMICs do not have the reserves to fight COVID-19, prevent bankruptcies, and avoid permanent damage to the economy. Injecting funds (or international liquidity) will be a lifeline for these countries, as was done by the G20 after the 2007–08 financial crisis.⁸ Now is the time to stop conditionalities on emergency pandemic aid.

Third, expand financing sources and regulate capital flows. Governments will benefit from additional sources of fiscal space for public health systems, from larger fiscal deficits to wealth or other taxes. Capital controls can stop destabilising mass outflows that put pressure on governments' financing costs, and the IMF can assist countries instituting them.⁹

Fourth, there must be an immediate debt moratorium to public and private creditors, such as those being implemented in some high-income countries, channelling funds to deal with the pandemic.¹⁰

For decades, international financial institutions have pursued policies that undermine public health systems, allowing billions of people to remain without adequate health care. The COVID-19 pandemic is an opportunity to do things differently.

We declare no competing interests.

Copyright © 2020 The Author(s). Published by Elsevier Ltd. This is an Open Access article under the CC BY 4.0 license.

**Alexander Kentikelenis, Daniela Gabor, Isabel Ortiz, Thomas Stubbs, Martin McKee, David Stuckler*
alexander.kentikelenis@unibocconi.it

Department of Social and Political Sciences, Bocconi University, Milan 20136, Italy (AK, DS); Bristol Business School, University of the West of England, Bristol, UK (DG); Global Social Justice Program, Initiative for Policy Dialogue, Columbia University, New York, NY, USA (IO); Department of Politics and International Relations, Royal Holloway, University of London, London, UK (TS); and Department of Public Health and Policy, London School of Hygiene & Tropical Medicine, London, UK (MM)

- 1 France24. 'We will overcome' coronavirus crisis, vow G20 leaders after video meeting. March 26, 2020. <https://www.france24.com/en/20200326-we-will-overcome-coronavirus-crisis-vow-g20-leaders-after-video-meeting> (accessed March 27, 2020).
- 2 International Monetary Fund. Questions and answers on the IMF's \$50 billion rapid-disbursing emergency financing facilities. March 19, 2020. <https://www.imf.org/en/About/FAQ/50-billion-rapid-disbursing-emergency-financing-facilities> (accessed March 23, 2020).
- 3 Kentikelenis A, King L, McKee M, Stuckler D. The International Monetary Fund and the Ebola outbreak. *Lancet Glob Health* 2015; **3**: e69–70.
- 4 World Bank. World Bank Group launches first operations for COVID-19 (coronavirus) emergency health support, strengthening developing country responses. April 2, 2020. <https://www.worldbank.org/en/news/press-release/2020/04/02/world-bank-group-launches-first-operations-for-covid-19-coronavirus-emergency-health-support-strengthening-developing-country-responses> (accessed April 7, 2020).
- 5 Ruckert A, Labonté R. Public-private partnerships (PPPs) in global health: the good, the bad and the ugly. *Third World Q* 2014; **35**: 1598–614.
- 6 Malpass D. Remarks by World Bank Group president David Malpass on G20 finance ministers conference call on COVID-19. World Bank. March 23, 2020. <https://www.worldbank.org/en/news/speech/2020/03/23/remarks-by-world-bank-group-president-david-malpass-on-g20-finance-ministers-conference-call-on-covid-19> (accessed March 25, 2020).
- 7 Kentikelenis AE. Structural adjustment and health: a conceptual framework and evidence on pathways. *Soc Sci Med* 2017; **187**: 296–305.
- 8 Gallagher K, Ocampo JA, Volz U. It's time for a major issuance of the IMF's special drawing rights. *Financial Times*. March 20, 2020. <http://ftalphaville.ft.com/2020/03/20/1584709367000/It-s-time-for-a-major-issuance-of-the-IMF-s-Special-Drawing-Rights/> (accessed March 25, 2020).
- 9 *Financial Times*. The threat is greatest for developing and emerging countries. March 25, 2020. <https://www.ft.com/content/35053854-6d17-11ea-89df-41bea055720b> (accessed March 25, 2020).
- 10 United Nations Economic Commission for Africa. African Finance Ministers call for coordinated COVID-19 response to mitigate adverse impact on economies and society. March 23, 2020. <https://www.uneca.org/stories/african-finance-ministers-call-coordinated-covid-19-response-mitigate-adverse-impact> (accessed March 26, 2020).