World Bank Group Press Conference by President David Malpass at the 2020 Spring Meetings

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World Bank Group President David Malpass
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Transcript

MR. THEIS: Good morning, good afternoon, or good evening depending on where you're joining us from.

Welcome to the Spring Meetings 2020 virtual press conference with World Bank Group President David Malpass. I'm David Theis, the World Bank's press secretary.

President Malpass will give brief opening remarks and we will turn to your questions, some of which we've received in advance. Thank you to all the reporters from around the world who've been submitting questions and we continue welcoming them now. We may have to group some of them to try and get through as many as we can, and we may edit for brevity's sake. And as you send in questions, please submit only one per outlet so we can get through as many as possible.

And with that, President Malpass, over to you.

MR. MALPASS: Thank you very much David Theis. Good morning. I'm happy to speak to you all. I wish the circumstances were not as grim, and I would start by saying that I hope you and your families are healthy, and coping in these challenging times.

I want to express my deepest condolences to the millions of people around the world who are suffering from COVID-19, or who have lost a loved one to the pandemic.
I just concluded a very productive virtual dialogue – low carbon virtual dialogue -- with our Development Committee. I was joined by IMF Managing Director Kristalina Georgieva and it was good to hear views from shareholders on how the World Bank Group and IMF can work together to support our member countries, especially the poorest and most vulnerable.

I was pleased earlier this week that the G20 took up our joint call to provide a suspension in debt services to bilateral creditors during the crisis. Kristalina and I worked hard on this and supported and are very happy to see it done. It is a powerful, fast-acting initiative that can bring real benefits to the poor.

In response to COVID-19, the World Bank Group has focused on taking fast, broad-based action. That’s what I wanted us to achieve. It is resulting in new health emergency programs in over 100 countries by the end of April. We have 64 in operation today and we will have more by the end of April, going over 100, I hope. The World Bank Group will work to deploy as much as $160 billion over the next 15 months. It is tailored to the nature of the health, economic, and social shocks that countries are facing. The other MDBs, the regional MDBs, so that’s Asian Development Bank, Inter-American Development Bank, and so on down the list, have committed as a group to roughly $80 billion over this period, bringing the total for the MDBs to $240 billion.

IDA, the part of the World Bank that makes grants and very concessional credits, intends to provide over $50 billion of that in new resources, and it is good that IDA countries will have bilateral debt service relief beginning May 1. That way they can concentrate their resources on fighting the pandemic and its economic and social consequences.

Our program is based around three pillars:

1. Protecting the poorest;
2. Supporting jobs and saving jobs, IFC and MIGA are very engaged in that effort; and also
3. Helping developing countries implement emergency health operations in order to strengthen economic resilience going forward.
4. All of this is important, the Spring Meetings that we have this week virtually, come at a moment in history when the COVID-19 pandemic is causing deep economic harm and threatening to erase decades of economic progress and poverty reduction.

We are expecting a major global recession. Our estimates suggest a much deeper downturn than the Great Recession, and we are responding forcefully and massively, especially for the IDA countries, the poorest countries, involving significant increases in our highly concessional financing and grants.

As the pandemic unfolds, disruptions in domestic food supply chains are emerging as a pressing issue in many countries. You all are aware of the locust crisis in East Africa, which is also hitting the food supply.

Labor shortages are becoming an issue affecting trade and logistics. The loss of income and jobs is reducing people's ability to even afford or buy food. We have a double problem of both the supply and the demand sides being disrupted in such a critical area of food and agricultural supply chains. That's to name just one part of this problem from the pandemic.

In my discussions this morning, at the Development Committee, I thanked the governors of the various World Bank constituencies, I thanked them for their support and their encouragement during my first year as the Bank Group’s President.

There is a very long road ahead. Hundreds of millions of people need support. As you know, development needs were acute even before the shutdown in the global economy. Also, the debt burdens and problems in debt sustainability were giant. We are working
on those but two thirds of the world’s extreme poor live in IDA countries, and they will be severely impacted by a major global recession.

Our response is being closely coordinated with other governments, with international organizations, with other multilateral development banks, bilateral financiers, as well as with private sector and civil society Again, I’ve been very proud of the World Bank Group’s effectiveness during the pandemic. We wanted fast, broad action and we are getting results on that and it took a lot of work from people to achieve that. I took the opportunity this morning at the Development Committee meeting to thank the World Bank Group staff, and other for all their hard work at this difficult time.

I want to underscore the severity of the crisis, the urgency of the task, and my heartfelt wishes for success to all those who are facing hardships.

I’m happy to take some questions. Thank you.

MR. THEIS: Thank you very much. And we’ve received a number of questions, both live and in advance. Turning first – and forgive me for any pronunciation issues, that’s on me – the first is from Anthiou Tandia from AFRIMAG, asking, “COVID-19 has sent the world economy into recession. Africa is a net exporter of commodities. How is the World Bank planning to support African countries?”

MR. MALPASS: Thank you on that. We’re supporting countries in several ways. One is the immediate health crisis, so we want to address that. And I mentioned the 100 countries that we intend to have programs in by the end of April, and most of those will be in Sub-Saharan Africa.

But then, in addition to that, this food supply chain issue is something that needs lots of work. The Bank brings global expertise to this. The Bank has—the people that I work with every day were involved with the SARS epidemic and the global response, the
Ebola crisis and the global response, and also the food crisis that hit very hard in, I think, 2009. We are able to bring that expertise to bear on this crisis.

I guess to shorten the answer: We will be doing a broad range of response by all parts of the Bank, as we look forward, or as we try to deal with shocks that hit individual sectors; that hit the food sector; and hit the health sector. And there's a giant Bank effort to address these. And I should include and mention the IFC, the International Finance Corporation, is working very actively with companies to try to keep them open and the jobs going, and MIGA, as well, is involved, so it's a whole World Bank Group that's underway. Thanks.

MR. THEIS: Fantastic. Thank you.

Going to another part of the world, we got Karina from Kompas Daily in Indonesia. Karina says, "What policies should developing countries facing the risk of increased unemployment numbers pursue? Are new strategies needed? Would strengthening of the social safety net be sufficient to face the challenge?" Thank you.

MR. MALPASS: Hi Karina. Strengthening the social safety net is important and we're doing that. We'll be doing that in many, many countries. That involves identifying people, that there's a means testing or identifying people that are in the most need, and then providing ways to have cash transferred or services available to the poorest that can use government mechanisms, NGO community, and private sector. It's a big broad effort to try to have a successful social safety net. In the developing world, it's harder to do, it's very hard to do because you have to have a lot of systems that operate together at the same time.

But let me also add the need for economies and systems to be flexible in order to adjust to the new global supply chains, and also the new local supply chains. One of the things – very disruptive – going on in developing countries is the disruption of daily activities. It's very hard to work from home. For many people, there simply aren't the resources to
be able to work from home, and there’s an urgency to going to your job, to getting food. And what that means is changing the systems that people are used to. I urge countries to have flexibility in terms of their markets, in terms of their systems, their applications of good transparent legal standards, and also transparency on debt and investment projects in order to get the best outcomes. Thanks.

**MR. THEIS:** Thank you.

And coming now to a question from a reporter here in Washington, Heather Scott from *AFP*: “How concerned are you that the economic crisis or unrest driven by the uncertainty could destabilize some fragile countries? How much more will be needed to support and restart the economy, and what other financing tools does the World Bank need?” Thank you.

**MR. MALPASS:** Thank you, Heather. Well that’s a big question. We are, as you know, making a major course shift in the Bank, in order to provide more and more resources and personnel and activity in fragile states – fragile states that suffer from fragility, from violence. And so these FCV countries, which may be, for example in the Sahel or the Horn of Africa, or really anywhere in the developing world, are incredibly challenged by the economic downturn and also by the health crisis itself, and by societal challenges that they face. We were already working in all of these countries, we’re expanding those programs, and trying to do what we can in terms of resource transfer, and I know the IMF is as well trying to transfer resources to these countries.

As far as other things that can be done, I think we need to do two: one is respond to the crisis right now, which we’re trying to do. And then also build programs that will work into the future. And that means programs that supply education, that educate girls as well as boys, that protect the environment and build climate resiliency – all of those programs are still ongoing.
One interesting thing is, as people try to work from home or have more social distancing, even in developing countries, what that means is more use of the internet and more use of communications means, and I think looking down the line there will be some benefit from the strengthening that's going on right now of the communication systems. These are very important. You can imagine education being done online in poorer countries, people learning foreign languages, people learning agricultural techniques. And so that still leaves a very grim outlook but it’s something that we want to support.

I'll add, the digital financial services are, I think, something that can be very empowering for new entrants, for small businesses, for women in markets, in a way that they can have money, and the World Bank is looking for ways to do cash transfers through digital financial service systems, which will help build them and strengthen them and create resilience for future downturns. Thanks.

**MR. THEIS:** Thank you.

And thanks to all the reporters on the line that are sending in questions. Really appreciate it. We've received a number of them, including Tahir Amin from the *Business Recorder* in Pakistan about the effects of the pandemic on small and medium-sized enterprises. People are asking whether we will be doing anything to support SMEs. Thank you.

**MR. MALPASS:** Yeah, as people have observed, in the developed world, this is a big challenge. Small businesses that have lost their customers are under massive strain, and it's particularly challenging in the developing world, because there aren't the support networks that might be available in other countries. In Pakistan and other places, we're working on that.

The International Finance Corporation, which is active in Pakistan, is working to create working capital facilities, and also trade finance facilities. One of the things that's been
breaking down in the world is trade finance. This is something that IFC is able to help with – that means the short-term financing needed to help with imports and exports. So IFC has seen very strong growth in that, in those programs, basically around the developing world. And then also trying to create working capital lines. IBRD and IDA, the World Bank programs, also aim at trying to provide quick response aid to governments as they work to have a good support program for small and medium-sized enterprises. Thanks.

You know, I've mentioned the difficulty that we're in, with this massive downturn in the world, it's just a giant challenge for small businesses. I'm sorry I'm going on, but one thing I want to say is that having people keep their skills and be available as the recovery occurs is going to be the biggest asset. If we think around the world, the biggest asset that the world has is people. And that means that there can be a recovery, once we see the health consequences abate.

MR. THEIS: Thank you.

We are also receiving a number of questions from outlets, I should say, in countries highly reliant on tourism, including Dionisia with *Islands Business* in Fiji. So, hello to Fiji. Rough hour there. Thank you for joining us.

“With tourism practically disappearing, how can the World Bank help these countries recover after the pandemic?”

MR. MALPASS: Small states are in difficulty because there's lots of attention to the bigger states, but what we've tried to do at the Bank is also pay attention to smaller states. Some of our hundred programs that I mentioned do penetrate into small island states and I think are being helpful.

More importantly, for the countries themselves, being flexible in allowing workers to change sectors and to create new business ideas and new sectors in this environment, I
think, is very important. It's not only the tourism sector, but as we look at sectors across the developing world. That might be agricultural distribution systems that rely on shipping to foreign markets; some of those supply chains, meaning the export side, has been lost for developing countries. The growth parts – for example, small manufacturing and textiles – are feeling grave strains because of the disruption of supply chains.

I think the most help that can be done is creating a strong social safety net and then setting up a system where people have flexibility to adjust their sectors and their supply lines in order to try to create new economic output.

I'm not happy with this answer. It's not a full enough answer. It's not really going to be fully successful, but creating new activity is going to be the biggest challenge and can also be a goal.

Thanks.

MR. THEIS: Thank you very much.

And now turning to a question from Sajjadur Rahman with The Business Standard in Bangladesh. Sajjadur has sent two questions, but I will allow it because they are interrelated.

“What is the food security situation in the world now? And could you also address – I know you just touched upon it briefly – COVID-19's impacts on global trade as well? But food security first, please. Thank you.”

MR. MALPASS: Food security is a problem. What we have tried to discourage countries from doing is hoarding. There's a tendency in a crisis to hunker down and I think it's a critical part of global cooperation to not do that, to look for teamwork with other countries.
I was just on the Development Committee call this morning, and one of the final speakers was the Deputy Finance Minister from Russia, who highlighted cooperation internationally as being a key goal. That's very welcome and it's important for all those involved in the food supply chain and also the medical supply chain to maintain open markets. I'll say the same thing on the import side – countries need to allow trade in order to have prosperity or to cushion the blow from the economic downturn.

David, I'm sorry, what was the second part of that two-part question?

**MR. THEIS:** That's all right. It's what you see as COVID-19's impact on global trade and repercussions there.

**MR. MALPASS:** We've talked some about tourism and about food.

Kristalina this morning, on the call, made the point that it's very hard to see beyond the crisis now, how the world will be set up, or how we can all emerge from this crisis.

One thing I would say to give confidence is the resilience of people and, I mentioned it before, the value of human beings – that's the world's biggest value. It's not the factories, it's not the assets, it's the people. They'll be ready to go back to work, to produce, to create things as soon as the health issues can be addressed. I have some confidence that there will be resilience of systems and of flexibility on the other side.

**MR. THEIS:** Thank you very much.

Okay, turning now to Maoling Xiong with Xinhua, asking, “With shortages in medical supplies, some countries have implemented export restrictions,” so this is a trade-related question. “Do you think the COVID-19 pandemic is leading to growing protectionism?”
MR. MALPASS: I hope not. I think countries need to step forward and say, we’re not going to use the crisis as a reason to close our markets or to block our markets. The world needs to work together to share among countries that have plentiful supplies of certain things and not get into a barter system where you’re trading those off. We should allow markets to function, markets to clear, and the supplies to go to those most in need.

I know China is supplying some of its excess production to the rest of the world and that’s very welcome. This was, I guess, a Xinhua question, but I take note that in the G20 meetings, China is supporting the international agreement to allow a moratorium of debt repayments by IDA countries, if they ask for forbearance. That’s very important because China is one of the big creditors and their participation in that effort is important and was very welcome. Thanks.

MR THEIS: Thank you and that goes to a related question next from Takeshi Kawanami with Nikkei: “The G-20 agreed to support debt relief for low-income nations, and you have been mentioning that debt transparency is very important. Do you think that the problem of debt transparency has improved as you’ve been raising it? Thank you.”

MR MALPASS: Thank you for that question. This is something that I’ve worked on for some years and I think it’s very important to development. If we think about how debt moves around the world, one of the critical aspects of it is that there be transparency and a rule of law, with regard to the creditors and the debtors. Transparency means that there’s a system for knowing what agreements have been made.

At the Development Committee this morning, I listed five different areas that we need to make progress on in terms of the transparency of debt and investment that’s going on. I won’t go through those. Those are posted and available and I included them in my written remarks yesterday to the IMFC – the five steps of transparency – but what I want to emphasize for us today is the value that this brings to developing countries. If they're
translucent, they're much more attractive to profitable investment coming in from around the world and from private sectors around the world.

One of the things that will go on with this new debt moratorium is there will be a monitoring of how the governments are using the fiscal space that is created by the debt relief. If a government saves money by not paying creditors, there's an expectation that they use it for health, education, economic rebuilding, jobs – concrete ways to help the people of their country.

There's also, within the debt relief initiative, the idea that there'll be a monitoring and an assessment of the debt sustainability for countries, the amounts of debt. That process itself will add to transparency and that's going to change the way countries have been lending into the developing world. It will improve it substantially and there'll be big benefits, even to the creditors. It's not the best system for creditors to be making non-transparent loans into poor countries, so this is going to improve the system.

It also means that there will be more emphasis on the concessionality of loans and grants. That's where IDA is so important; as I mentioned earlier, it's actually $51 billion of resources that we expect IDA to be able to provide over the next 15 months. That's a large sum and it's done in a very generous way, in a way that is very concessional in terms of the interest rate or the high grant element that's offered in those resources. That will be important for current creditors to be providing very concessional aid in their relationships with the poorest countries. We welcome that, and I take note that countries around the world are fully engaged in this, including China, and that's going to bring big benefits both to China and to the developing world. Thanks.

**MR. THEIS:** Thank you. Terrific. A question coming in from Alex Segura at *EFE* asking about the situation in Latin America. “Have countries in Latin America reached out to the World Bank for help, and do you think it’s going to be one of the most impacted regions?”
MR. MALPASS: Hi, Alex. I don't have a list, but it's true that many of the countries have reached out and they've also reached out to the IMF. The programs exist in the countries. We've added this layer of health emergency programs that I mentioned at the beginning. Many of these are in Latin America.

I know there's also the consideration for middle-income countries, that means several of the Latin American countries – most of them have graduated from IDA or have not been in IDA. They're not the poorest nations in the world, but they certainly have massive financial needs.

One of the things that we are looking at is ways to provide resources and technical assistance and also ideas for these governments on how they can make their systems work better during the crisis. Then on the other side, once the crisis is over, what I would like to see is countries come up with good systems that are resilient and can rebuild very quickly.

MR. THEIS: Thank you, and we have time for one more that's related to what you were just saying, from the Philippine Daily Inquirer, 12 hours ahead of us. Thank you very much for joining at this hour.

"How could economies emerging out of lockdowns bounce back quickly and immediately resume both consumer and business confidence?"

MR. MALPASS: I am glad the word confidence was mentioned there. Some part of what governments are trying to do, and I think private sector leaders are doing, is explaining to people that we can get through this. I was very happy on the Development Committee call this morning, Minister Liu Kun, the Finance Minister of China, discussed the negative GDP number that came out this morning on China's first quarter GDP, but then he also began to speak about the recovery that's going on into April as people begin to reopen and begin to make progress forward.
As we think about emerging from the lockdown, what will be important is that people get back to work pretty quickly, that they stay safe, they find ways within their community or within their nation to be testing and to be aware of the distance needed under these new conditions, but also that they focus on high priority sectors to begin to reopen.

And then I would like to repeat what I said earlier about the need for flexibility of market systems within economies, and as we think about Philippines or Indonesia, there was that question earlier – these are massive island countries with diversity of systems, of cultures, of people, of ethnicity, that all need something different as we think about emerging from the crisis. Allowing that to happen, that diversity to happen in a way that is consistent with the laws of the country, but allow people to move quickly back into productive output, I think that's the way to go.

Inspiring confidence will be one of the biggest challenges for governments: to speak carefully, forcefully, and with confidence about the value of people, the value of the assets of the country, the sectors that can be profitable – all of that is going to be very important. Thanks for those questions.

**MR THEIS:** Thank you. And with that, we'll be closing. Mr. Malpass, I don't know if you have any final words you wish to say.

**MR. MALPASS:** Well, that was a lot. That seemed like a mouthful. As far as closing thoughts, for you, the media, I think we need to think about everyone in this system, trying to break out of the boxes, break out of the boundaries, and do all that can be done in order to move us forward. That's what the World Bank has been trying to do; I know the IMF is trying to do that. I see that governments are trying to do that, think in new ways.

I really think the private sector is being very creative and trying to find their way through. And also, we didn't talk about it, but one of the things going on is the very active research in vaccines, in therapeutics, in health care systems, that I think will have a
positive impact, so we can all hope for that and work hard on it, and we’re trying to do that at the World Bank. Thanks.

MR. THEIS: Thank you. And thanks to everyone for joining us this morning. I know that folks are in some tough time zones for getting on press conferences, so I would simply ask in closing to please stay safe and healthy. Thank you all very much.

MR. MALPASS: Thanks everybody.