Remarks by World Bank Group President David Malpass to the G20 Finance Ministers and Central Bank Governors Meeting

November 20, 2020

Thank you, Chair. I would like to thank Minister Al-Jaadan and Saudi Arabia for their G20 work during the year; and for the substantial progress made on debt relief for the poorest countries, including the extension of the debt suspension, the addendum to the term sheet and the common framework. These will all help.

While some countries are recovering, the pandemic is still taking a terrible toll, with poverty levels rising sharply. Inequality and climate change are creating political instability and adding to fragility, refugee crises, and violence against women.

International cooperation has never been more important, and the World Bank Group is at the center of many key international development efforts.

With your support in our Board, we are on track to deliver a record surge in commitments and disbursements. We’ve doubled the disbursement volumes in the quarter ending September 30 versus a year ago, and we’re maximizing grants and concessional finance.

We have health emergency response programs in 112 countries using a fast-track mechanism that is now able to access a further window of $12 billion in funding for vaccine purchases and delivery. We are already at work – in cooperation with WHO, UNICEF, the Global Fund and GAVI – on rapid vaccine deployment readiness assessments for 100 countries. The IFC is working – in coordination with CEPI – to invest a further $4 billion in manufacturing and distribution of vaccines and products that support vaccination programs.

We’re working with all clients, but recognize that FCV states are most in need. We’re engaged in Sudan, Somalia, Lebanon, Ethiopia, West Bank & Gaza, the Sahel, and many others. In Sudan, I’m hopeful that arrears clearance can begin quickly. This is urgent given the refugee inflow from Ethiopia, and would allow substantial World Bank funding to begin flowing almost immediately.

We are working toward a greener, more sustainable recovery. The World Bank Group has been the largest international investor in climate finance over the past five years. And I am proud that under my Presidency, the World Bank Group has invested more in climate finance than at any time in its history. As we look forward, a key goal for us is both to increase climate funding and to improve outcomes -- in terms of reducing greenhouse gas emissions, and helping countries meet their NDCs.
IDA is frontloading its financing to make more resources available for the poorest countries. This will create a financing cliff in 2022 and 2023. We welcome calls from Japan, India and others to supplement IDA resources.

Transparency will be critical in making support as effective as possible. I’ve been pleased to see the progress in the Saudi presidency. An important step was the G20 call on DSSI beneficiary countries to commit to disclose all public sector financial commitments. We’re working closely with debtor countries on this and publishing much more data than before. Still, the reconciliation process called for by the G20 will require more disclosure, and we urge all G-20 countries to require their public creditor institutions to disclose debt contracts, refinancing agreements and terms of debt restructurings.

I would like to commend the UN Secretary General’s detailed statement this week on debt relief and transparency. We’re facing major debt challenges, such as in Angola and Ethiopia where, in the absence of permanent debt relief, the poverty outlook remains bleak. I was pleased to see that, in Zambia, non-Paris Club creditors such as China’s Exim Bank are applying the new DSSI term sheet and have suspended debt service payments. That’s an important and welcome step.

I know that some creditors have been reluctant to offer deep, permanent debt relief on the view that it would simply initiate another cycle of non-transparent debt. We should guard against this through transparency and careful policy measures using the experience of the current debt crisis, but, given the severity of the crisis, we must move forward now with debt relief processes.

Like many of you, I’ve been disappointed by the inability of private creditors and their creditor groups to meet the G20’s calls. I urge you to incentivize all the creditors under your jurisdiction, public and private, to participate fully in debt relief efforts. Kicking the can down the road should not be an option. The World Bank stands ready to support legal advice to debtors and to convene dialogue between creditors and debtors through the Debt Reduction Facility for IDA countries.

The Development Committee tasked the Bank and the IMF to propose more actions to address the unsustainable debt burdens of low- and middle-income countries. Major jurisdictions may need to look to legislative changes to support faster progress if private creditors aren’t able to move forward on their own. Where good faith efforts to reach agreement with creditors are underway, tolerance of arrears accumulation may be necessary to support Covid-related spending. On their part, developing countries need to ask for relief, and to take steps to put in place transparent and sustainable national policies that attract new flows toward productive sectors. Fuller transparency is the only way to balance the interests of the people with the interests of those signing the debt and investment contracts. I’d like to again thank the Saudi G20 for the progress being made, and I look forward to working with the Italian G20 in the year ahead.

Thank you.