MR. THEIS: Good morning, afternoon, or evening, depending on your time zone. I'm David Theis, the World Bank's Press Secretary, and thank you for joining our virtual 2021 Spring Meetings press conference with World Bank Group President, David Malpass.

Mr. Malpass will give brief opening remarks and we'll turn to your questions, and thanks to those who sent questions in advance. We'll be looking for more questions online in real time.

And just for your awareness, we may combine similar questions or edit for clarity or length; so, appreciate your understanding there. Hope everyone is keeping well.

Mr. Malpass.

MR MALPASS: Thank you David. Hi everybody. I want to give you a little context of the Spring Meetings that are underway. There are multiple focuses: one is on vaccines; one is on climate; one is on debt. And also one is on recovery, that's the goal of everyone working on this.

I have been meeting with leaders bilaterally and also with groups. This morning was with the G20. Yesterday was with the G7. The day before was with G24, which is a group of 24 larger developing countries. I have met with climate leaders, CSOs, and private sector. Those meetings are going well. And we have had panels – for example yesterday Janet Yellen was on a panel with the World Bank, with Kristalina Georgieva and myself. We had interesting discussions. Tomorrow is with Secretary Kerry on climate – a discussion with him and other leaders on climate issues. So those are going well and they're, very interesting. We're going to do vaccines, primarily on some panels on Friday. These are important discussions, and one purpose of the Spring Meetings.

The G20 this morning, I'll give you a little context there. There's the good news that there is faster global growth driven primarily by the US, China, and India, having strong rebounds. But there's also the concern that there's inequality. Inequality in terms of vaccinations, in terms of median income that's not going up very fast for some of the countries and may even be going down. There's the interest rate differential, where poor countries face much higher interest rates and they haven't gone down the way global...
interest rates have done. There is an inequality in terms of the bankruptcy process, which is not available to sovereign countries, so the poorer countries don't have a way out of these very heavy debt burdens. And there's also inequality in terms of access to credit with a lot of the stimulus going to the upper end, and people that don't have pristine credit ratings, for example, or small businesses, new entrants, women that would like to start a business, having great difficulty getting credit.

The G20 did, and we were very happy, they welcomed the acceleration of the IDA-20 process and we're looking to complete it by December, which is important for the world's poorest countries, because it's the World Bank's very effective platform to give concessional aid and grants to the poorest countries.

There was endorsement of extending the DSSI that's the Debt Service Suspension Initiative through the end of 2021, and quite a bit of conversation, strong support for transparency in terms of the debt contracts.

There was also a discussion of the Common Framework. The World Bank and IMF are working closely together to have successful implementation of the G20’s Common Framework to deal with unsustainable debt situations. And there was a call for the private sector to provide comparable treatment with regard to debt.

Of course, there was discussion of taxes and climate. And on climate, the World Bank last week, we announced the elements of our Climate Change Action Plan. I want to list several just to make sure we've got those on the table. One is more spending, higher targets. One is better results, we really want to see global greenhouse gas emissions identified and reduced and set on a better trajectory.

We will do more diagnostics in that regard also help countries with their NDCs [Nationally Determined Contributions]. We're launching a new set of diagnostics called the Climate Change Development Reviews for countries that are high greenhouse gas emitters and also vulnerable in terms of climate change. And we announced that our financing will be Paris-aligned.

There is lots of discussion within our plan and within the G20 of things like carbon pricing, and the taxation of carbon. And what do you do with credit markets for carbon emissions.

I wanted to close with a short set of progress that we are making at the World Bank, one is on vaccines, by midyear we hope to have 50 countries with World Bank financing available to buy vaccines and also to do the vaccination programs.

For the first time in our history we topped $100 billion in commitments over a 12-month period. So there has been a big surge in growth in the World Bank Group's activities in response to COVID.

We are making some progress on debt transparency, though collateralization of debt remains a problem and non-disclosure clause by some creditors remains a problem. There's full recognition of the debt problem facing the poor countries. I welcome that. I mentioned IDA 20 earlier. And we've made progress on Sudan, which is very important,
our programs are expanding rapidly there, there’s more work to be done and we work closely with the IMF, on that.

With that, I’ll turn your questions and back to David Theis.

**MR. THEIS:** Thanks very much. And turning to the questions, the first question we have is from Doaa Abdel Moneim of Ahram Online, Egypt. Following on your remarks, the question is: “How could accelerating climate action in developing countries actually contribute to their recovery process?”

**MR. MALPASS:** Thanks for that. Two things that I'll mention.

One is many of the poorer countries are dramatically affected by climate change but are not major producers of greenhouse gas emissions. We think 4% of the global greenhouse gas emissions come from the IDA countries, from the poorest countries. So, one way they can benefit is if the rest of the world is doing more, that reduces their vulnerabilities and also provides resources for them to adapt to the change.

And then, second is the direct job aspect of adapting to changing climates and also providing food security within regions. Those are going to be big and important from a job creation standpoint. So, I want to really emphasize the importance of jobs in the poorer countries. The populations are growing of young people, and so we’re looking for ways to have private sector climates that are inviting to new businesses and that allow job creation. Also, as countries being prepared for the recovery and allowing their economies to change to the post-COVID environment, which is going to be very different from pre-COVID. Those are all positive opportunities for job creation.

Thanks.

**MR. THEIS:** Thank you, excellent.

Next question comes in from Pan Gao with Xinhua News Agency. "The COVID pandemic is estimated to push an additional roughly 120 million people into extreme poverty in 2020. Does the World Bank have any plan to reduce global poverty and help developing countries to recover more quickly from the pandemic?"

**MR. MALPASS:** Very much. We have plans for development, and we have a focus, country-by-country, to see the developing world do better next year than this year. That's what the World Bank does and is all about. That means reducing poverty; that means having a better response to climate change that's underway; that means better education and health care systems. Our commitments, the World Bank commitments, grew a record amount both in percent terms and dollar terms in 2020.

In calendar year 2020, we were up 65% from 2019 in terms of IBRD and IDA commitments; that's a record. And we’re continuing to expand the commitment capacity of the Bank. And IDA 20, the acceleration of the next replenishment cycle of IDA will help with that. All of this goes together to the idea that we're trying to achieve transformative, scalable change for people that live in poorer countries. That can take the form of better rule of law, better access to the legal system for women, for girls in
the education system. The health care systems need to be improved and be more available to people. Critically, access to electricity and to clean water are huge challenges for people in poverty and for people even trying to move up in the income scale. So, we work on all of those and on infrastructure as ways to move forward.

And, of course, as I've mentioned climate change, unsustainable debt burdens are key topics and work is underway on those.

MR. THEIS: Thank you.

Next question comes in from Julius Satsi of Business Finder Newspaper in Ghana: "What are the practical steps the World Bank is taking to ensure that the monies allocated to countries reach the targeted individuals, groups, or sectors?"

MR. MALPASS: Within the World Bank's processes, there is substantial work given to ES&G. So, these are safety guardrails that help guard against corruption, against poorly designed projects. And there's a substantial process within each part of the World Bank Group to try to directly address the issue. Of course, mistakes can be made, have been made in the past, and so we're working constantly to try to correct those processes and move forward.

One thing I'll mention is the importance of anti-corruption standards. The OECD has standards in that regard, and it would be good to have all countries – and some of the major economies in the world don't participate in those standards, and that undercuts the effort.

I will also mention, in general, transparency. I've advocated that in terms of debt contracts. Some of the debt contracts not only have nondisclosure clauses on the creditor, but also on the borrower, which is highly unusual, and yet, that's become the norm for some of the contracts in recent years. And we also want transparency, or we encourage it, in terms of the vaccine information sharing. One of the biggest challenges is to get vaccines flowing as early as possible to the developing world so they can begin the vaccination process. And that takes more information sharing by the advanced economies and manufacturers in order to get that process started.

MR. THEIS: Great. We've received several questions on the debt issue from reporters, including Leah Katung-Babatunde with Nigerian Television Authority.

So, I'm paraphrasing here. "What is the World Bank doing to help developing countries, including middle-income countries, address their liquidity concerns and provide debt relief during the pandemic?"

MR. MALPASS: We're working actively in collaboration with the IMF on the common framework that the G20 established for dealing with debt overhang and debt burdens. It's focused on the poorest countries, the IDA countries, and we look forward to progress on that. The G20 has, I think, in the deliberations this week, a call for the first creditor committee to be formed under the common framework. I expect that will be with Chad. We've been working on the debt – Chad has requested assistance under the
common framework to deal with its debt situation. So, we work closely with the IMF on that.

And the question is aimed at the middle-income countries, which also many of them face access problems to market-based finance, and they also have rising fiscal deficits that are problematic. So, I think, again, I'm going to fall back that transparency is very important. I think also we need to look for a more balanced relationship between creditors and debtors. The creditor – the system right now is favorable to creditors in terms of using court enforcement of liens, for example, to enforce contracts, even with sovereign governments. Even with contracts that are nondisclosed appear to be – or are enforceable; so, those are challenges.

And I want to mention also the challenge facing middle-income countries of collateralized debt. It makes it very hard to restructure. Ecuador faced this challenge in 2020 and was able to disclose some historical contracts, but not the current contracts and not the collateralization requirements. So, these are ongoing challenges for the middle-income countries that I think could be improved.

And I'll also mention that the type of Euro bond contracts that have collective action clauses but could be made more balanced in terms of the relationship with middle-income emerging markets.

**MR. THEIS:** Great. Another question related to debt, but specific to Latin America, from Alfonso Fernández, from the Spanish News Agency, EFE: "Latin America has been the region worst affected by the pandemic. How concerned are you about a new debt crisis, and do you think this could lead to a new lost decade in the region, reversing the progress of the last years?"

**MR. MALPASS:** GDP for Latin America declined sharply in 2020. It will recover some, I expect, at least numerically in 2021, but it won't be able to get back to previous levels. So, I'm very concerned about the human situation in Latin America and the Caribbean. One thing that can help a lot is the access to vaccines. And so, I hope that deliveries can begin by the intermediary organizations worldwide and also by the manufacturers. Part of this is getting the contracts in place and started up. The World Bank is providing financing for several of the countries and they can be large-scale programs, but the countries are working to arrange delivery schedules from the various vaccine providers. That will be an important part of the recovery.

I think also helping Latin America and the Caribbean will be the strong recovery underway in the U.S. That helps a lot from the creation of markets. Latin America has a lot of capabilities in terms of manufactured goods, in terms of services that can be available. One thing that can help Latin America is digital advances. In some cases, the countries have been behind what might be potentially available to them. And I think each of the countries can look at its own systems and look for areas where they themselves can improve the systems either of transparency, of the anti-corruption drive, of the infrastructure drive, and all of those can help progress. For the World Bank, we're actively engaged really on a daily basis in many of the Latin countries, working to have the best programs that we can to support the people.
For example, in Brazil, we’re doing a major addition to the social safety net that has helped save lives. And we also, as I mentioned, have the vaccination programs that are available to provide financing once delivery schedules can be determined from the advanced economies.

Thanks.

**MR. THEIS:** Great, thank you.

A question now from **Kamal Sahriar of Kolkata TV**: "These days, the COVID situation is bad in Bangladesh. What steps should a country like Bangladesh take to keep its economy afloat, as well as to achieve the goal of widespread vaccination, and what are the challenges there?"

**MR. MALPASS:** I want to mention several things on Bangladesh. I haven't been to Bangladesh. In the last two or three weeks, we completed a big vaccination operation through our Board, which then makes financing available to Bangladesh and also technical assistance from the World Bank, which is very helpful to the countries as they try to enter contract discussions, and also as they work within their health systems in order to vaccinate people, to actually have the systems that can quickly vaccinate once they begin to get deliveries from the international system in terms of vaccines, be it from COVAX or from some other manufacturers. That's a critical step in the recovery path for Bangladesh.

I want to also mention adaptation. As climate changes occur in the world, the population growth has tended to be on the coasts for countries. And so, a step is how do you save lives and how do you have more preparation for climate events that may occur for those populations?

And then, I want to also mention, you know, Bangladesh has made substantial progress. In fact, they recently moved out of the least-developed country status, the United Nations status on that because of the advance in per capita income. Bangladesh has allowed small manufacturing, small businesses, which is welcome. They face a big challenge from the refugee situation with the Rohingya on their eastern border, and those are cause for major concern for the world as you have refugee situations that are so problematic in terms of health and the safety of people.

Final point, agriculture: For so many of the poorer countries, having an efficient land use and agriculture system is a critical part of the recipe for their growth path. It's a necessary step in moving forward. And Bangladesh has opportunities to improve and make more effective the agricultural system.

Thanks.

**MR. THEIS:** Great. Our next question comes **Tran Nguyen of Zing News, Vietnam**: "Does the World Bank have plans to cope with pandemics like this in the future?" So, a question about the next pandemic.
MR. MALPASS: Thanks. Preparedness is very important, and it's part of our programs. We have an instrument called CAT DDOs, which are catastrophic deferred obligations where a country can arrange in advance, showing its preparedness, and be ready to take funds if there is a crisis. That's not a big enough instrument for pandemics like the COVID crisis. I think we need lots more work on an international basis in terms of preparedness, but it's a mainstream part of World Bank programs, and we can encourage countries to do it.

You know, it's a challenge for individual countries, because poverty is widespread, the argument is, how can I prepare for the future when I have children that aren't getting enough nutrition. That's a valid question for the world to address. There's a benefit to everyone in the world if we have people that are able to move out of poverty and also prepare for pandemics or other cataclysmic events. And, I think we need global focus on that.

More funding—I want to come back, IDA20, we were very happy with the G20 endorsement of an accelerated replenishment effort for IDA, which is the World Bank program that is specifically oriented toward helping the poor.

I want to come back to—I heard that the questioner was from Vietnam. One of the challenges also that I want to mention is on climate. Vietnam has been a heavy user of coal and greenhouse gas emitter, and one of the challenges of our climate change action plan is to help countries with a just transition from coal to cleaner or less carbon-emitting fuels as they maintain their baseload capacity and their electrical systems. It's critical for people to have access to electricity, but there needs to be, on a global basis, an ability to do that with less greenhouse gas emissions. This is a high priority for the world to think about the financing for that transition for countries that have made investments in higher-emission kinds of fuels. And how do you move quickly out of that and get the transition underway? That's part of our climate change action plan, to move quickly toward much lower emission fuels in the electricity grids.

MR. THEIS: Thank you. And just for attendees' awareness, Mr. Malpass has a hard stop at noon for an event on debt, but I'm going to turn to the next question and we'll see if we can get one more in, but certainly this one.

We received a question--actually another from several outlets, including Anette Meiritz from Handelsblatt: "How damaging are recent vaccine rollout problems in developed countries such as Germany for the goal of a worldwide recovery from the pandemic?"

MR. MALPASS: The slowness in the rollout, particularly in Europe, is concerning; it's disappointing. And we see in the news every day some of the various challenges that the countries face. I fervently believe or wish for and hope for a faster rollout as excesses become available in other countries. And we can look to the regulatory agencies to work smoothly toward their approvals so that more vaccines can be approved, safe vaccines.

And that people—I encourage people to be vaccinated. I think it's an important part of their safety and important part of the global recovery. So, I share that sentiment that—Germany said today at the G20 that there may be a softening of their GDP growth
forecast related to the vaccine problem, and it redoubles everyone’s urgency and efforts to have more vaccines available worldwide.

MR. THEIS: Thank you. Last question from Lara Barsi of Agência Nossa, Brazil: "What is the World Bank doing to help Brazil, which is going through major economic and health crises right now?"

MR. MALPASS: Brazil faces many challenges. We have had a big program in the social safety net to expand Brazil’s social safety net and have cash available to people which helps the families stay together and be healthier or face the challenges day-by-day of Brazil.

We’re also working actively on biodiversity and agricultural challenges facing Brazil. But Brazil is a big, vibrant country and has access to global capital markets. And one of the things that can help is good use of the maturity schedules of debt so that Brazil has strong investment from the private sector into the future. And I’m hopeful that that can happen and Brazil will be a beneficiary of the global recovery.

MR. THEIS: Fantastic, thank you. Well, I know that you have to get to the "Rethinking Debt: Financing the Future Amid Crisis," event that’s starting at noon. I hope that folks can join that conversation. You’ll see it online at worldbank.org.

Mr. Malpass, thank you, if you want to have any final remarks.

MR. MALPASS: We have a good week going for the Spring Meetings, David. And I’m pleased with the support that IDA20 is getting and our climate change action plan. And our vaccine efforts are expanding as fast as we can push them forward. That gives us some optimism and I have been mentioning the progress that we made in Sudan toward renewed programs, there. There’s a lot of people, a lot of lives at stake in some of these programs, so I think there is cause for optimism on some fronts, even though the global situation remains problematic into 2021.

Thanks. Thanks, everyone.

MR. THEIS: Thank you very much. And this concludes our press conference today. Thank you all for attending. And stay safe.