Remarks by World Bank Group President David Malpass at the G20 Finance Ministers and Central Bank Governors’ Meeting – Annual Meetings 2022

October 14, 2022

Session 2: International Financial Architecture

Thank you, Chair.

We meet with a crisis facing development. The previous session discussed the causes, including Russia’s war on Ukraine in particular. I’d like to echo the point made by Ngozi, Indranee, and Mathias on the danger of trade restrictions; and the many interventions on food insecurity and energy production.

Our $30 billion food support program is providing short-term support and support for longer term resilience. In this, we are working closely with many of you here and with UNICEF and WFP. We welcome all those engagements.

I’ll focus on debt. We see further pressure on debt service given the expiration of DSSI, currency depreciations, higher interest rates, COVID-debt, and capital outflows. For 2022, IDA countries, which are the 75 poorest countries in the world, will have to pay $44 billion in debt service to official and commercial creditors.

We continue to support our clients and have provided significant positive net flows. The three Common Framework (CF) countries: Chad, Zambia, and Ethiopia received altogether $7.9 billion in World Bank’s commitments, during the past three fiscal years, of which $4.5 billion were in grant terms.

We recognize that there has been limited progress with the implementation of the CF for Chad, Zambia, and Ethiopia. Debt restructurings in Suriname and Sri Lanka are difficult. Ghana and Nigeria face severe debt challenges and we expect more.

Debt sustainability continues to deteriorate, including for MICs. We advocate for the following: first, a statement of principles, debt standstill, and faster and more inclusive process, with a bigger role for official bilateral and commercial creditors; second, a more prominent role for debtor countries; and third, accelerated information sharing, including on the key parameters of debt relief in the DSA. Debt reconciliation and transparency efforts need to speed up.

The debt reduction process should be rules-based and have clarity on the methodology to assess comparable treatment among official bilateral and commercial creditors.

The World Bank Group—together with the IMF—stands ready to continue working with the G20 and India’s upcoming G20 Presidency on this issue.
In this dire context for developing countries, **MDBs have a critical role to play**. We have worked with urgency and with resolve, both individually and as a group.

We provided unprecedented support since the pandemic started at around $200 billion, responding with scale, speed and impact. In FY22 alone, our commitments were almost 70% higher than the average for the previous 5-year pre-pandemic. We achieved a similar 70% increase for disbursements. Africa is now accounting for nearly 50% of total World Bank commitments.

A top priority is continuously looking for ways to increase our financing to support members. We accelerated IDA20 and have used the IBRD capital buffer twice.

We’re leveraging IDA and IBRD in global capital markets. We’ve been able to significantly increase the leverage of donor resources for the poorest countries. Every $1 contributed to IDA is leveraged into almost $4 of support for the poorest countries. IBRD has also significantly leveraged shareholder equity, turning $20.5 billion of capital paid in by shareholders since inception into more than $820 billion of financing to developing countries. We are actively working to expand donor guarantees, for example to support Ukraine; also, expanded climate-related trust funds, such as the Scaling Climate Action by Lowering Emissions (SCALE) trust fund we are launching at COP27.

In this context, we **welcome the discussion on the capital adequacy framework**. We have started discussions with our Board on the recommendations of the G20 report, with the goal of increasing our lending capacity consistent with financial sustainability.

We look forward to continuing our discussions with you and with all our shareholders and to hear your priorities for the World Bank Group in a changing world.

Thank you.

**Session 4: Infrastructure Investment**

The World Bank Group supports this agenda. It is important to adopt high standards and pursue transparency, quality and innovation, so investors and policy makers can maximize long-run social and economic returns to infrastructure investment. Quality infrastructure creates favorable investment opportunities and promotes a longer-term asset class. The G20 Principles for Quality Infrastructure Investment (QII) were developed to build on this to help mobilize private capital and narrow the financing gap.

I would like to commend Ministers and Governors for the adoption of a Compendium of QII Indicators and associated guidance note. IFC has been working with the G20 on this since 2019. We believe it will help operationalize the QII Principles over time and you can count on the World Bank Group’s continued support for this. The World Bank has supported the G20 infrastructure work in two other areas this year. Gender Inclusive Approaches in Private Participation in Infrastructure is critical to promote broad access to key infrastructure services; and to create positive inclusive benefits for both women and men.
Therefore, the Global Infrastructure Facility (GIF) and Public-Private Infrastructure Advisory Facility (PPIAF), both of which are housed within the World Bank, are working to close gender-related gaps in infrastructure projects and align private sector investment decision-making around gender inclusion. We aim to finalize the toolkit on the integration of gender in infrastructure by early 2023.

The infrastructure investment needs for the developing world are facing a multi-trillion gap, which we estimate at 4.5% of annual GDP. The gap is particularly large for energy, transport, and infrastructure investments for adaptation. Our stock take of approaches summarizes good practice and mutually reinforcing actions to achieve good results.

We are ready to keep supporting countries and the G20 in all these challenges, and we look forward to engaging with India’s G20 Presidency on this agenda.

Thank you.

**Session 5: Sustainable Finance**

The climate crisis caused by greenhouse gas emissions continues to be relentless, impacting agriculture production, livelihoods, and migration. Many developing countries need massive investments, concessional finance, and grants to enable their energy, transport, and agriculture transitions. This transition will depend on new technology.

In this context, we welcome the contribution of the U.S. of a $950 million loan to the Clean Technology Fund hosted by the World Bank for emerging market countries committed to transitioning toward clean and renewable sources of energy.

We are also proposing SCALE, which is a new umbrella trust fund that will provide grant payments to developing countries for achieving verified emissions reductions. Governments could use the funding for just transition, low carbon development, or for blended finance to cover part of the interest payments of projects.

Our financing to developing countries has expanded dramatically in recent years, especially for climate-related finance.

In this context, we welcome the progress made by the Sustainable Finance Working Group and the FSB.

We are growing our portfolio of Catastrophe Deferred Drawdown Options, or Cat DDOs, which provide immediate liquidity in case of disasters. We also issue catastrophe bonds that provide coverage against various events and can provide a payout within weeks of a hurricane.

The implementation of new standards in developing countries will demand a tailored and proportional approach to match local conditions and capacity. The World Bank Group supports the operationalization of this work. This includes through technical and financial assistance, monitoring (including through Financial Sector Assessment Programs, or FSAPs), as well as providing modelling capacity being developed in the Country Climate and Development Reports, or CCDRs.

Thank you.