Thank you for joining the call today. I’m going to cover our support activities, the debt service moratorium for the poorest countries, the progress on debt transparency and some of the next steps. Our new Global Economic Prospects (GEP) report describes a global economy suffering a devastating blow. The pandemic and the economic shutdowns have shaken billions of lives.

Developing countries are facing an unprecedented health and economic crisis. This is jeopardizing decades of development progress, threatening to push over 60 million people into extreme poverty this year. The poor and most vulnerable are hardest hit, adding to the deep inequality caused by growth that was often too slow to bring jobs, higher median incomes and better living standards.

Facing the pandemic, we’re working to limit the harm and help countries prepare for recovery so they can rebuild better and stronger than before. Countries will need to allow an orderly allocation of capital toward sectors that are productive in the new post-pandemic structures – using systems that can build and retain more human and physical capital during the recovery. There will be a need for new types of jobs, businesses and governance systems.

World Bank Group resources are being scaled up dramatically, providing strong net positive flows, especially to the poorest countries. We’ve been working intensely on fast, broad actions to help poor countries overcome the pandemic and reached a milestone by quickly implementing programs in over 100 developing countries. These programs reinforce healthcare systems, protect the poorest households, save jobs and businesses, and get money to people who need it most.

IDA and IBRD are working with countries to expand the coverage of social safety net programs. IFC aims to provide $47 billion in financing to the private sector in developing countries over 15 months. Similarly, MIGA is helping to provide a more stable environment for investment by mitigating and managing risks arising from uncertainty.
Let me turn now to the debt moratorium that I and Kristalina Georgieva, IMF Managing Director, championed. Debt service payments by all official bilateral creditors were suspended on May 1, adding to the potential resources for the poorest countries.

The governments of the G20 countries called for comparable treatment by commercial creditors, an expectation that creditors have not yet implemented. The delay is particularly frustrating given the deepening poverty in the debtor countries and the amount of resources that are flowing from poor countries to investors. Most are in advanced economies like the U.S., Europe, and Japan as well as large creditors in China, the Gulf states and others.

An important part of this initiative is to help governments in debtor countries increase the transparency of their debt and investment practices and disclose the amounts and terms of their debt. This is a key step in creating an attractive investment climate that can bring in the massive amounts of effective new investments they will need to build stronger economies. Countries are already being differentiated in financial markets by these factors. Substantial progress can be made this year, but it will take a lot of work by creditors, debtors, the IMF, the World Bank and others. Transparency should cover all government financial commitments and debt-like instruments and needs to reduce the use of non-disclosure agreements, collateral, liens and contracts based on asymmetrical information – where the lender knows more than the people in the borrowing country.

These steps toward financing, liquidity and transparency are important and will help a lot, but won’t be enough.

The GEP report finds a deep global recession, accompanied by a collapse in global trade, tourism and commodity prices and extraordinary market volatility. The pandemic will also have severe and long-lasting socioeconomic impacts that may weaken long-term economic growth prospects, lower investment because of elevated uncertainty, and lead to the erosion of human capital.

Beyond coping with the immediate crisis to limit the harm, policymakers can make a robust recovery more likely by maintaining private sector systems and infrastructure and allowing markets to allocate resources toward productive activities. The balance sheet stress imposed by the recession may reveal sovereign and corporate weaknesses. Policymakers can resolve balance sheet related problems by ensuring transparency of financial commitments (I’ve already talked about sovereigns in this regard, but banks, corporates and SOEs need much more transparency); and by offering faster, more efficient dispute resolution mechanisms.

Many countries are already taking steps to facilitate resolution of corporate distress. Litigiousness and drawn-out resolutions are important problems. Some countries have introduced time-bound moratoriums on bankruptcy proceedings during the pandemic to encourage speedier forms of resolution. Conversely, other initiatives might undermine restructuring and slow the recovery, such as prolonged disruptions to insolvency proceedings.
Despite the challenges people are facing, some of our biggest concerns have thus far not come to pass. For now, most of the export restrictions that were announced earlier this year have not been implemented and global food prices have mostly remained stable.

Also, important advances are being made in digital connectivity in developing economies. One benefit is the ability of some governments to reach some of the poorest households with support payments. It is clear that more needs to be done to improve digital infrastructure in developing economies, an important part of our work where we hope to see advances.

To close: I am very pleased with the actions of World Bank Group staff to support our client countries. And with the upcoming GEP report. We will continue to take broad, fast action in our response to the needs of people in developing countries. Thank you again for joining today.