Statement by
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The COVID-19 pandemic has the world in suspense. Global solidarity and cooperation is needed now in order to combat the pandemic as well as to react to the economic consequences. The World Bank and the IMF have already set strong signals in this regard. The pandemic will not only have humanitarian consequences but will also have a dramatic impact in economic and financial terms. Many global supply chains are in danger of collapsing, for example in the textiles sector. Capital flows are being diverted, currencies are being devalued. A crisis scenario is emerging, that is hitting states hard on different levels. The result will be hunger, hardship and suffering with millions of people becoming unemployed, many of them without any social safety net.

I very much support the rapid, decisive response of the World Bank. By rolling out a 14 billion US dollar fast-track facility at short notice the bank is making an important contribution to help meet the most urgent needs in the health sector and to contain the pandemic.

The bank is sending a message of hope and optimism to markets and economies by announcing that it will make available loans of up to 350 billion US dollars from now until 2023. We can see that it was a wise decision to strengthen the institutions of the World Bank Group over the last few years, in terms of both expertise and financing. The contribution that the World Bank Group is making in response to the pandemic is evidence that – together with the United Nations and the International Monetary Fund – it is a vital pillar of the global crisis architecture. And in this context, I would like to thank Kristalina Georgieva and David Malpass for addressing comprehensively and at an early stage the liquidity issue of the poorest countries.

The crisis shows us that global challenges can only be mastered in a joint effort. The pandemic and the crisis it is triggering, know no borders. The world's poorest countries are hit hardest. It is obvious that assisting the more vulnerable countries in dealing with this threat is in the interest of the entire international community. Only if the disease is contained everywhere in the world will we be able to prevent further global waves of infections and cope with the economic and social consequences.

Despite the current situation we must not forget the impact of climate change. It is another, if not the central challenge for humankind. The effects of climate change, too, can hit everyone - as has been evident from recent storms, droughts and floods. Human interventions in nature, the loss of biodiversity, extreme weather events – all the risks that arise from these things are mutually reinforcing.

It is one of the most important tasks of the World Bank Group to ensure that the enormous efforts that are needed now to address the consequences of the pandemic are designed in such a way as to foster the goals of the 2030 Agenda and the Paris Agreement In particular, we must not fail to seize the opportunity for transforming the energy sector and attaining sustainable structural change with huge potential for creating long-term jobs and income. By providing relevant advice, reform financing and investment, the World Bank
Group has the chance to help its clients, in the long term, to emerge from the COVID-19 crisis stronger than before.

There can be no doubt that the World Bank Group has the financial capacity, the knowledge and the convening power to address the causes behind such global risks. Investments in global public goods need to be an integral part of the bank's business model. Only then can the Bank reach its twin goals and play its part in realizing the 2030 Agenda and the Paris Agreement.

By setting up the global public goods window, we have taken the first step in that direction and have piloted ways that enable thematic investment in the global common good. Now is the time to expand that model. We should, for instance, also strengthen such approaches when it comes to IDA; by building, for example, on its crisis response window.

And finally, I welcome the call of David Malpass and Kristalina Georgieva for action on debt in response to the pandemic. They were quite right in pointing out early on that LDCs would experience liquidity constraints. We have to preserve the liquidity of the poorest countries so that they, too, can take effective action against the pandemic and prevent even deeper economic damage.

But we also need to start thinking ahead. Because of the crisis, it must be expected that the need for investment to reach the Sustainable Development Goals has increased even further. Many, in fact too many low-income countries entered this crisis with high debt levels. That is why we also need to address the underlying structural problems. In the long term, official grants – be they bilateral or multilateral – will not be enough.

The moratorium gives both the countries who ask for it and us valuable time and lets us build on the strong expertise of the Paris Club. All stakeholders need to use that time well in order to find comprehensive, circumspect solutions that can also be incentives-based. Germany considers transparency and fair burden sharing to be vital in that context. We know that this has not become any easier in a landscape of creditors that has become more heterogeneous. Undesirable side effects must be prevented and irresponsible policies must not be rewarded. The World Bank and the International Monetary Fund are called upon to continue their active efforts to strengthen the international financial architecture.