Press Call on COVID-19 Response with World Bank Group President David Malpass

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Transcript

MR. THEIS: Good afternoon. Thanks everyone for dialing in. I'm David Theis, the World Bank Group's Press Secretary, and thank you for joining this briefing with World Bank Group President David Malpass. I want to start off by noting that the contents of this call and all materials are under strict embargo until 4 p.m. DC time today. Mr. Malpass will give brief opening remarks and will turn to your questions. I do want to note that we have with us today Dr. Muhammad Pate, our Global Director for Health, Nutrition, and Population. Please remember that when we get to the Q&A, if you could identify yourself and your outlets and just one question only, please. So again, noting the embargo until 4 p.m. We will now turn to Mr. Malpass.

MR. MALPASS: Thank you very much, David. Before we get started, I'd like to express my sympathies at the over 3,000 deaths and to the families and communities that are being affected by COVID-19. It's truly a tragic situation. I'd like to—before I talk about what we're doing today, tomorrow, I'd like to quickly summarize what we've been doing in our response. We're committed to acting fast with concrete solutions and clear communications, and we've been doing that. We've been careful of staff safety, and we've fully engaged the management team in the process as we go along. We've been canceling public gatherings. Today I announced that we are scaling back the World Bank–IMF spring meetings. The Development Committee, which is part of the World Bank process, will be held by video conference. We've emphasized international cooperation throughout. My joint press release with Kristalina yesterday emphasized that coordination.
Today I want to focus on the operational goal. The goal is to provide fast, effective action that responds to country needs. It should recognize the extra burden on poorer countries and also the benefit on global public goods from a comprehensive response worldwide—in this case, by reducing the spread of pathogens. We want to make the best use of the World Bank's extensive resources and global expertise and historical knowledge of crises, and also the flexibility in many of our existing instruments. Also, we're developing some new instruments and the point is to move fast; speed is needed to save lives.

On that, I want to turn to the specifics. We're announcing today an initial package of immediate support that will make available up to $12 billion dollars to respond to country requests for crisis financing of their immediate needs and also to lessen the tragic impacts of the virus. There are scenarios where much more resources may be required. We'll adapt our approach and resources as needed.

We know from experience with diseases like Ebola, SARS, and Zika that with the right measures taken quickly, countries can stop the transmission of diseases and protect lives. We also know that poor countries with weak health systems are often hit hardest by such outbreaks.

The goals are straightforward. We need to limit human-to-human transmission; identify, isolate, and care for patients early; reduce transmission in communities; support community engagement; and minimize social and economic impact. In this effort, countries face different levels of risk and vulnerability and will require different types of assistance and levels of financial support. Flexibility and responsiveness will be crucial.

The response to COVID-19 will be most effective—and I stress this—if governments and the private sector take coordinated and rapid action. Hence, the breadth of the response will be crucial to its effectiveness. Let me say that again: the breadth of the response, which is what we're discussing today, will be crucial to its effectiveness. With that, I'll be happy to take your questions, and Dr. Pate is with me as well. Thank you.

**MR. THEIS:** Thank you very much. Again, if you could please identify yourself and your outlets, and one question per customer, please. Thanks very much.

**ANDREA SHALAL:** President Malpass, this is Andrea Shalal from Reuters. Can you hear me?
MR. THEIS: We can hear you.

MR. MALPASS: Thank you, but I can be David or Mr. Malpass. Thanks.

MS. SHALAL: Sorry.

MR. MALPASS: That's alright.

MS. SHALAL: It's been a long day so far.

I just wanted to ask you about your comment there that there could be, you know, there are some scenarios where, you know, far greater resources are required. Can you elaborate on that? Can you tell us, you know what, what your, maybe worst-case scenario is at this point? Or what your, you know plan, next plan is and maybe give us a range, continuum.

And then I also wanted to ask about this decision to do, you know, have the April Meetings be virtual. Is that something that could in fact make sense to move to, to save travel and you know - I mean is that something that, could this be the beginning of a change for the institution to just move away from having in person Spring Meetings?

MR. MALPASS: Got it. Thanks. Well, we're focused on the immediate needs, so I want to focus today on the $12 billion package that we're putting forward.

There are many unknowns for the future in terms of the economy and also the health. I think we should leave that and focus on action now - that's what everybody here is working toward.

As far as the future of the Spring Meetings, you know, we have two meetings a year and they're sizable affairs, so we'll have to look at the experience with the virtual meeting and see how it goes. Thanks.

MR. THEIS: Thanks very much.

HEATHER SCOTT: Sorry this is Heather Scott with AFP.

You said the funds are to respond to country requests. Have you had specific country requests so that you can give us a sense of which countries you expect to be the initial recipients?

MR. MALPASS: There have been a number of countries that have made requests so far. And there'll be an assessment of needs, and a process and there'll be some, as we go forward, for certain types of instruments there'll be involvement of the board.
I guess suffice to say we’re in close contact with many countries around the world because of the historical relationships in healthcare systems.

MR. THEIS: Thanks Heather. Next question please.

MARTY CRUTSINGER: This is Marty Crutsinger from the Associated Press.

Could you give a sense of how many countries in total number you might to able to help with this money? And what will the money be going for? Is it going for medicine, for doctors, nurses? What will it be spent for?

MR. MALPASS: Yeah, thanks for that.

Well as far as the ways the money can be used or the things that countries need. They need to strengthen health systems, get better access to health services, also disease surveillance, and also bolstering the public health interventions.

We’ll also be working with the private sector. Of the $12 billion dollars that I mentioned, $6 billion is related to the IFC - the International Finance Corporation. So, that will help private sectors, which are often the conduit for importing medical supplies and other things.

And I want to turn to Dr. Pate as well for comments.

DR. PATE: Thank you.

The support would be to enable countries detect when the virus crosses their borders, mobilize their own frontline resources to be able to respond. So, have we surveillance systems, based on the request we’ve already seen, many of those equipment to check temperature, equipment and reagents to test for the virus. Infrastructure, things like quarantine facility or innovation of existing facilities to deal with the case load, ambulances and those kinds of support as well as community engagement.

So that's the immediate emergency response, and then leads on to the preparedness, because it's important to also build the national systems for not only this outbreak but also potential future outbreaks.

MR. MALPASS: Dr. Pate was the Health Minister of Nigeria and is currently the, the Global Director of Health at the World Bank. Thanks.

MR. THEIS: Thank you, Marty.

Next please.

MICHAEL IGOE: This is Michael Igoe with Devex.
President Malpass, I was wondering if you could address the current status of the Bank Pandemic Emergency Financing Facility and whether you estimate that that facility will eventually pay out. And if you could comment on any sort of efforts under way to either tweak that model, if you're thinking about using it going forward, or to move away from that particular financing facility in the future.

Thank you.

MR. MALPASS: Thanks for that question. Before I talk about the pandemic facility, I want to mention the importance of prevention and preparation by countries. Whatever the answer is on financing facilities, I think we want to emphasize that going forward the importance of countries preparing for various eventualities including this kind of event.

Now turning to PEF. I want to be the layman here on PEF. For those that haven't followed this, it was set up in 2017. It was approved by the World Bank Board and basically IDA, which is the part of the World Bank, the International Development Association, was insuring itself against this kind of risk. IBRD—the part of the World Bank that operates financing facilities—will be the recipient into the PEF fund of insurance proceeds, if it's declared. I want to be careful because we're not the ones that declare whether the insurance is triggered. As a side note, the WHO—there's been talk that the WHO has to declare a pandemic, but that's not correct. The triggers are stated in the prospectus and so on for this type of insurance.

But the bottom line for people to understand is the IDA portion of the World Bank, which is the portion that's dedicated to poor countries, insured itself in 2017 against this type of extreme need for financing. So, it's possible, if it's triggered, that money will flow into the World Bank—or really into the PEF, the pandemic facility—that money would flow in, let's say, in the second quarter of this year and could be used and would be additional to the $12 billion that I was announcing today.

As far as the question of what tweaks might be needed in the future, I think there needs to be lots more experience and evaluation of the concept of financial insurance. I want to end with my point that prevention and preparation by countries is going to be by far the most important step and lesson that comes out of this tragedy.
MR. THEIS: Thank you. Thanks, Michael. Next question, please.

ERIC MARTIN: Hi, this is Eric Martin with Bloomberg News. I would like to ask about the division between the $8 billion, which looks like it’s new financing, and $4 billion, which from my reading is from the existing portfolio or reprioritization. Is it really $8 billion in terms of new that’s being announced today, rather than $12 billion, or how should we look at that division?

DAVID MALPASS: Yeah, thanks. Let me break it down into two pieces: $6 billion for IBRD and IDA and then $6 billion for IFC. We have two different sixes, so it's confusing. With regard to the first $6 billion, $4 billion is new and $2 billion is repurposing or restructuring of existing loans. I should emphasize this is up, too, so these are funds that will be available for COVID-19. So that breaks down—we've got a breakdown and we've got different instruments that people are working on. One is the $2.7 billion of new money from IBRD; up to $1.3 billion of new money from IDA, and it comes both from IDA18 and IDA19; and then, as I said, $2 billion that could be repurposed or restructured.

To get into the real complexity of it, many of our contracts already have what’s called CIRC, which is an emergency clause that allows repurposing of the money. For those contracts that don't have that, then there could be a restructuring. So that makes that extra $2 billion available from existing funds. So, $4 billion new, $2 billion repurposed on IBRD.

Let me finish on IFC. From the standpoint of IFC, they have $2 billion available of trade financing that they'll be able to use and $4 billion of new IFC funding that would be made available to companies that are existing clients and have clear financial viability for IFC. It’s a fast-acting way to make both new and existing funds available.

MR. THEIS: Great, thank you. Thanks very much. Next question, please.

JAMES POLITI: Hi there, this is James Politi with the Financial Times.

MR. THEIS: Oh hey, James.

JAMES POLITI: Hi. I just had a question about—we've seen some reports of countries erecting potential trade barriers for things to the export of pharmaceuticals or masks or confiscating masks for domestic use. Do you have a view about whether countries
around the world should be erecting trade barriers in order to face the COVID crisis or whether they should, in fact do the opposite, which is reducing trade barriers?

**MR. MALPASS:** Yes, thanks. Over the long run, of course, we want to see more growth by countries and higher living standards. And your point is good, we want countries to avoid measures that would impede usable trade and valuable trade.

I want to take this opportunity then to emphasize the importance of regional cooperation. You know in my opening remarks I talked about international cooperation. We work closely with the WHO, and with other international organizations and countries should be, we hope, working with their neighbors, and with the international community to think about the steps that they're taking. My emphasis today is the importance of them taking measures that are really constructive and productive in terms of stopping the contagion itself.

**MR. THEIS:** Thanks, James. Next question please.

**REUTERS:** Why is it that this is all happening now. You were all together at Riyadh. Although I guess you weren’t there David, but, you know, why is the international community and the World Bank and IMF… Why is all this decision making happening now? What has happened over the past week and a few days, that has caused this level of alarm? … Why it's taken so long.

**MR. MALPASS:** No, I wouldn't characterize it that way. We have been very concerned by the situation for many weeks. I made the first initial announcements or descriptions, by tweet, and also, we did press commentary or statements (MR. THEIS: the first statement was in January).

With your reference to Riyadh, for those on the call that didn't get it, there was recently a G-20 meeting in Riyadh, I didn't attend but senior World Bank staff did attend that's not connected to the timing. We have tried to be taking important decisions throughout this process as new information became known. And with that, I want to turn to Dr. Pate again on the uncertainty about the health (situation), I think it's important to describe both his involvement, which has been extensive, and then the evolution of the information on health.

**DR. PATE:** Thank you. Since January we've been working very closely with WHO in the context of the global strategic response plan but also in terms of supporting countries,
as they assess and respond to this outbreak. Several countries already we have been supporting and will deepen that as we go forward. But a shift, I think has occurred over the last week or so in terms of the epidemiology. Once it got out of China, we know that there are lots of new cases that are coming from countries outside China, more so than let’s see what we had seen in the past, where the epidemic was growing mostly in China, in Hubei province. And so, the weakest countries are most vulnerable. And so, we need to double up in terms of helping them stand up the response capacity, but also build their resilience over time. And I think that’s what you are seeing: an evolution of our thinking as the epidemic itself unfolded. This is a virus that has been here only for eight weeks or so since we’ve known about it. But within that there has been tremendous effort by multiple actors, including the bank, and WHO and others to deal with it.

**MR. MALPASS:** And people inside the Bank, and I want to thank them, they have been working very hard on this, and have been working very hard with regard to the crisis for many weeks. I think it’s important to recognize this as a continuum. The decisions that we’re making now are relevant to the understanding of the crisis; and also, it’s the preparation of a sizable financing package. To conclude us, we’ve got a $12 billion package that’s intended to be fast, available on a rapid basis to respond to this evolving crisis.

**MR. THEIS:** Thanks. All right before we close the call, I just want to remind anyone, in case you dialed in late, that the contents of this call and all materials are under strict embargo until 4pm DC time today. And with that, I want to thank folks for dialing in I know that this is a busy Super Tuesday, so thanks for taking the time. Bye.

*This transcript has been edited for clarity.*