MR. THEIS: Good morning. Thanks, everyone, for coming. I’m David Theis, the World Bank’s Press Secretary, and welcome to our first Annual Meeting’s press briefing with World Bank Group President David Malpass. Mr. Malpass will give brief open remarks, and we’ll turn to your questions. As a reminder, when we get to Q & A, please identify yourself and your outlet, once the microphone gets to you, not before, please. And one question only, please, per option. Thanks very much. Mr. Malpass?

MR. MALPASS: Thank you, David. Hi. Good morning, everyone, glad you could come. We’re at the Annual Meetings. There’s an urgency to what we’re doing because of the challenges facing development. Part of it is global growth is slowing, investment is sluggish, manufacturing activity is soft, and trade is weakening. The challenges of climate change and fragility are making poor countries more vulnerable. This backdrop makes the -- our goals of reducing extreme poverty and boosting shared prosperity even harder.

About 700 million people still live in extreme poverty. That’s about one in 12 people on the planet.

Here’s the good news: broad-based growth is possible for countries. With the right mix of policies and structural reforms, countries can unleash growth that’s broadly shared across all segments of society. This is especially true in emerging markets and developing countries, where well-designed reforms can deliver meaningful gains. In
short, we see material impact, in terms of broad-based growth, transparency, the rule of law, and private sector expansion.

We need to be careful how we calibrate our response to the global slowdown. Many countries have already used up their fiscal and monetary policy space. So, structural reforms are essential. Over $15 trillion in bonds have zero or negative yields, which amounts to frozen capital. Debt has climbed to troubling levels. We need fresh thinking to reignite growth.

At the World Bank Group, we’re staying focused on our mission. We’re helping countries build strong programs, tailored to the unique circumstances of their economies. We’re encouraging innovations that attract private sector investment, such as digital money. We’re promoting the rule of law, and transparency, and debt management in public finances. We’re investing to help countries gain access to electricity and clean water, to ensure the full inclusion of girls and women, to address climate change, and protect the environment, to improve health and nutrition, and to bolster infrastructure.

Later today, we’ll highlight the importance of education. We’re launching a new approach to measure learning. It looks at the proportion of children, aged 10, who can read and understand a basic story. We want to reduce learning poverty as much as possible.

As we do every three years, we’re discussing with our member countries how to replenish the financial resources of IDA, the International Development Association, which is our fund for the poorest countries. The proposed replenishment directs more funding toward people in fragile and conflict affected situations and reaffirms our commitment to projects that benefits the climate and promote gender inclusion. I look forward to the continued support of our donor countries for IDA, which plays a leading role in reducing extreme poverty.

In conclusion, this week, I’ll have a simple message for countries: The choices you make now matter. Well-designed structural reforms are needed to unlock growth and build the foundations for future prosperity. Problems include oligopolies, excessive public sector employment in pension promises, and subsidies for goods, services, and financing. I’m aware of the strong resistance to many reforms, but they’re crucial for
enabling broad-based sustainable growth. Thank you, and I’m happy to take your questions.

MR. THEIS: All right. Second row, here, please.

MS. XIONG: Thank you. I’m Maoling Xiong with Xinhua News Agency. So, I have a question about China. Could you, President, could you comment on China’s efforts in poverty reduction and eradication, and, also, could you talk about future plans, or cooperation opportunities between the World Bank and China, in that regard? Thank you.

MR. MALPASS: Thank you. China’s the world’s second largest economy, and it -- we’re in the -- our relationship, the World Bank relationship, is evolving with China. If I take a step back, all the way into the 1970s, China made a dramatic set of steps forward, in terms of allowing market pricing for agricultural products, and to allowing the market to make some of the decisions, where investments are made, and it was a dramatic development that pulled, literally, hundreds of people out of poverty.

There was a foundation for electricity, a provision to -- what’s turned out to be over a billion people. Water was an important part of it, and agriculture was an important part, and the urbanization process that China was able to implement. And, so, the result was China pulling -- becoming more and more engaged and intertwined with the world economy, with global supply chains, in a way that was positive for China and was very important in poverty alleviation in China. And, so, we’re now in a situation where there are very important steps yet to be taken, in terms of the rule of law, in terms of the interaction of -- and the availability of -- state-owned enterprises to interact in a competitive way with the private sector, which we know is so important to economic development and further reduction of poverty in China.

That, still, is a -- there’s still is a lot of work to be done, in China, in terms of interaction with the world system, in terms of the trading system and the rule of law.

So, with regard to the relationship with the World Bank, that’s evolving toward new types of interaction between the Bank and China. The Bank, historically, has had a 40-year relationship, or more, with China, in terms of the poverty programs, and in terms of the market orientation of the economy. We continue to have that relationship, and, so, there’ll be a reduction in the lending from IBRD to China. There’ll be continued lending
of IFC, and the equity investment from IFC. And, importantly, we do a lot of technical assistance with China, as it thinks about its interaction with the world system. These are big challenges for the world, so we can note both the success that China has had in poverty reduction, but also the big challenges that it faces going forward in having a system that will work for shared prosperity for all of the people.

MR. THEIS: Great. I’m going to go second row, here, please.

MR. ATEBA: Thank you for taking my question. My name is Simon Ateba, from Today News Africa, here in Washington, D.C. As you know, recently, Africa had many good news. We had a man, from Ethiopia, who just won the Nobel Peace Prize. We have another man, from Kenya, who just became the first human to run a marathon under two minutes, and in Cameroon (laughing).

MR. MALPASS: Two hours.

MR. THEIS: Two hours.

MR. ATEBA: Under -- I’m sorry, under two hours, and, in Cameroon, we have a piece, a national dialogue that just took place. Despite all this good news, your report says that the economy of Africa has continued to slowed in 2019, and you also say that one of the ways to really bridge that gap is to empower women. Could you, please, tell us, exactly, how Africa can empower women, and to bridge the economy gap? And if you can touch a bit on climate change, which is one of the biggest problem facing Africa at the moment? Thank you.

MR. MALPASS: Yeah. Thank you. So, I agree with your -- that there has been good news in various spots, and I’m glad you highlighted both the Horn of Africa, Prime Minister Abiy won the Nobel Peace Prize, and we’ve been pleased to see that the relationship between the countries looking very actively toward peace and how to find peaceful relations in that part of Africa. And it’s happening elsewhere, as you noted. On the other side, there’s been sluggish investment. So, one, we have this very challenging situation of population growth in some countries, a lot of young people looking for jobs, and not the investment or the systems to create enough jobs. So, we work hard on that. That involves the rule of law, which is so important, and we work, specifically, with countries on what -- on how they can improve their structure, and that brings me right into the role of women.
They’re half the population, often producing half, or even sometimes more than half the GDP, and yet, often not recognized, not in -- not allowed within the structure of the economy. Either without documentation from their national authorities – without, maybe, the ability or the right to have jobs in equal measure with men, or to own property in the same way. And so, we work very specifically on those issues. We have a big program. We have a report called Women Business and the Law, which gets specific on the things that countries can do and are doing. I'm pleased by some of the developments. We do see progress being made in some countries with actual changes in law, and then the implementation of that change in law. And then, if I may, connect that back to the economy. If you have women – if you have girls that can be educated, women that can participate in the economy, you have a much better chance of getting a growth rate that is sustainable for the countries. We're not at that point now. I began my remarks today with the point that urgency, there's a big urgency in getting the laws right and the systems right so that more people can participate within their economic development.

**MR. THEIS:** Great. I'm going to move over back to this side, second row here please.

**MR. JHA:** Thank you. I'm Lalit Jha from PTI Trust Press of India. India’s economic production by the World Bank has come down to around 6 percent. After Prime Minister Modi came back to power, was reelected this May, his government has announced a series of economic reforms. What is your assessment of India’s economy right now?

**MR. MALPASS:** So, the question is how fast is India growing, so I'm going to give an economist kind of answer to that. It's growing in a positive number, but not fast enough. And policies can improve to help with faster growth. I'll be traveling to India and Pakistan at the end of October. In India I hope to discuss the challenges in the financial sector, where progress can be made and help India grow even faster than it is. With regard to the growth numbers itself, you know there's a range of opinions. And so, I don't so much have an opinion on what the growth rate is. We publish the growth rates within our Global Economic Prospects report. The last one was in June. And it gets into -- and I know the IMF just came out with a number, so I'll refer you to those data as far as the growth estimate. But my purpose or my hope is to see all people in India doing better, and that comes through broad based growth. I mean India is a good example of
a country that's been able to grow fast by improving the system, having more flexibility within the markets of the system, and I think there's more progress that can be made there.

Thanks.

**MR. THEIS:** Did you want to mention the rest of the trip, or?

**MR. MALPASS:** So, David is saying the rest of the trip. So, in Pakistan I'll be meeting with the leaders of both countries separately and talking. In Pakistan we are observing substantial structural reforms and changes going on in both at the national level, but also at the provincial and the city level in Pakistan. So, and it has challenges in terms of the agricultural system, in terms of the land system, in terms of the financial system. And we're working on all of those and others in Pakistan as well.

Thanks.

**MR. THEIS:** Great. I'm going to go to the middle now. If we can go three rows in here to side on the aisle, please.

**MR. KAWANAMI:** Thank you. I'm Takeshi Kawanami from Nikkei newspaper.

One of the problems of development finance is debt transparency, I think. So, including the difficulty, how to define what it is. So how are you working to resolve this problem as President of the World Bank, and how are you coordinating with other international institutions to resolve it?

Thank you.

**MR. MALPASS:** Yes, thank you.

So, debt transparency is important. So, let me, if I may give people a little background on it. The challenge is countries that are developing need to have debt, they need to have debt that meets the needs of their investment plan. The financial system has been evolving fast, creating new tools. And sometimes they've gotten ahead of themselves and aren't delivering the results in country that you would want from good investment practices.

So, we have a pretty sizeable effort at the World Bank and we're working with the IMF as well to have more transparency within debt relationships. And that gets into -- immediately you get into thinking with lawyers. Are countries, are governments, borrowing and using non-disclosure clauses, for example? That's not such a good
system in the transparency relationship between a government and its lenders. So, we would like to see disclosure – disclosure of the terms of loans, disclosure of the requirements on both sides. And that’s sometimes not being done. The World Bank has lending relationships with lots of countries that involve negative pledge clauses. So, it’s the idea that you not pledge your assets to another lender, and yet those have sometimes not been applied properly for countries. So, we’re working on seeing that liens and collateral, L-I-E-N-S, you know liens for loan contracts and collateral, are properly disclosed and accounted for and make sense. And the underlying principle that's so important in this is the people of a country really do care what the long-term contracts are that their governments are entering into. And so, transparency should, I think, be a general principle within a world financial system where we want to find bankable projects and growth for the countries themselves. I think that can be done with a more transparent system.

Thanks.

**MR. THEIS:** Great. Here in the front row in blue please. Thank you.

**MS. GIOKOS:** Very good morning. Eleni Giokos from CNN. With the Brexit deal struck overnight we know that the British Parliament still needs to approve this. A similar deal has not been approved in the past. What's the message here? Is this a tipping point in terms of finally putting to rest Brexit? And do you think that this is going to jeopardize the, you know, the urgency in dealing with global growth challenges? I know the IMF and the World Bank in the past has voiced concern, but to what extent is this going to impact everyone?

**MR. MALPASS:** A key part of development or -- and of growth for developed countries is the certainty in the environment. And Brexit has been an uncertainty within the world outlook involving both trade and other aspects of the Brexit relationship. So, the uncertainty weight has been weighing on the British economy and on the UK -- I mean the EU economy, the European Union economy. And so, if there were clarity in that outlook, I think it would help the growth environment quite a bit. And that affects development, because as we look at the slowdown in the developing world, part of it is coming from the uncertainty in the developed work. In particular, Europe's economy has slowed substantially. It's a clear part of that slowdown in global growth that I mentioned
at the beginning. I saw the IMF lowered its Europe forecast further yesterday, or the day before, when they released their Economic Outlook. And the World Bank had done that in our June Global Economic Prospects. So, if there were more certainty in the trade relationships in Europe, that would be very helpful.

**MR. THEIS:** Great. Let’s stay in the front row if we can, actually. Sorry. Right here.

**MR. LEOPOLDO:** Good morning. Ricardo Leopoldo, Agencia Estado.

Mr. Malpass, we had the phase one agreement between the United States and China. How do you see the prospects for the world economy, as you said for Brexit, now with this new phase of understanding between the United States and China?

**MR. MALPASS:** So, I'll give a shorter answer. I spoke quite a bit about China and now about the importance of uncertainty within the global outlooks. So, I'll just make the same comment I did on Brexit, that uncertainty weighs on global growth and more clarity in the outlook would be helpful.

**MR. THEIS:** Great. Okay. Right here, since we’re sticking with the front row it appears.

**QUESTIONER:** I would like to ask in Arabic.

**MR. THEIS:** Oh, in Arabic.

**MR. EMAD:** Good afternoon. I'm Ahmed Emad from Al-Masdar newspaper, Egypt. I would like to ask about the new project that will be done between the World Bank and Egypt and whether there are technical assistance missions that will go from the Bank to Egypt—such as any missions to deal with the new tax law, for example. And we need more details about the volume of this project. Thank you.

**MR. MALPASS:** Okay, thank you.

As you know, World Bank has a substantial involvement with Egypt in terms of encouraging the rule of law, the structural reforms development of markets, and the level playing field between the private sector, the state-owned sector, the military, and the government. The level playing field is important because it facilitates growth. I, and so we look forward to continued, very good relationship with Egypt as it makes progress on structural reforms.
I had a very -- I had a good meeting with the prime minister yesterday, I think. There have been a lot of meetings so far, I think it was yesterday. And I met with President Sisi in New York at the UN General Assembly meetings, and so I'm -- and it -- economic progress in Egypt is -- and social progress are very important in their development path.

Thank you.

MR. THEIS: Okay. I'm going to do the -- let's go right here please, thank you.

MS. OLUSEYI: So, in your speech earlier you said you're working with countries to invest in electricity and we understand -- sorry, my name is Awojulugbe Oluseyi from The Cable News in Nigeria.

In your speech earlier you spoke about working with countries for electricity investment and we understand that Nigeria is in talks with the World Bank for a about $3 billion electricity loan for transmission and distribution.

Nigeria already has a debt to tax -- debt deficit to GDP, to revenue problem that is very low -- very high. And so, what are your take -- what is your take on that? And what terms should we be looking at for that loan?

MR. MALPASS: The -- thank you. So, the question's on electricity, which is so important for people in empowering people and in allowing new entrance into the market. Women, small businesses and so on to connect to the – to machinery, to the internet, to various ways of economic development.

So, we put a lot of emphasis on trying to have 24/7 electricity in as many places as possible. More people connected to grids than are currently connected. And this is one of those where some progress has been made and yet lots more needs to be made in -- especially in Africa.

As far as the specific projects, one thing I do want to mention, debt sustainability becomes very important as countries think about how the investments in electricity can be made. If there is already a lot of debt, maybe it's legacy debt that's left over from past projects, it makes it difficult to have the new investment that's needed in order to get transmission and distribution systems running.

I don't have a comment on the specific with Nigeria. We are involved in a lot of countries on trying to have improvements in the structure of their state-owned enterprises or of their electricity systems, so that they work. And particularly in West Africa, I think there
can be a lot of progress made in terms of connecting more people and having more dependable power.

MR. THEIS: Okay, great.

MR. MALPASS: Thanks.

MR. THEIS: This is going to be the last question and let's say right here in the second row please, to the side. Thank you.

MR. MALPASS: Uh-oh.

MS. SHALAL: Doing a little juggling act. Andrea Shalal with Reuters. I wanted to ask you about this sort of uncertainty question.
So, there are, there certainly has been some good news but we heard yesterday that the trade uncertainty is starting to have a sort of spillover effect to the emerging world, emerging countries. Could you -- emerging markets.
Could you explain what the impact has been on the trade world and then perhaps on Brexit, are you concerned that this deal could still falter and that it could not be approved? I mean, what would that do for your signs of hopeful?

MR. MALPASS: I'll just be repeating what I have said. Global growth has slowed and trade volumes have slowed. That was explained in the IMF report. And also the World Trade Organization gave data a week and a half ago on the slowdown in the volume of world trade. So that has an impact.
I want to leave people with an optimistic thought. So we, the World Bank, released the World Development Report, WDR report, which was on global supply, global value chains, and showed that countries – that developing countries – can participate in global trade systems to the extent that they have their rule of law favorable and they have their systems in ways that allow and facilitate business interaction with global value chains.
And so that, as we look forward, I want to put a lot of emphasis on the structural reforms in countries that allow them to make broad, to get – to achieve broad based growth even in an environment where global growth has slowed some.

MR. THEIS: Okay.

MR. MALPASS: Thanks.

MR. THEIS: Thank you all very much.