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COVID-19 and the IMF-World Bank Spring Meetings

At the 2020 Spring Meetings of the World Bank and International Monetary Fund (IMF), governments and the organizations delivered on a historic—but ring-fenced—debt moratorium and accelerated financing deal. More can be done following these agreements to make debt relief broader and longer, and to inject more global financing through an exceptional issue of IMF Special Drawing Rights. Attention is now turning towards ensuring that implementation is rapid and reaches intended beneficiaries.

The meetings also underlined partnership with the United Nations (UN), and there is an opportunity for the UN to follow up on a call made by governments at the Spring Meetings for collaboration on global supply chains for medical equipment, agricultural inputs, and other goods and services.

The following sections summarize key developments of the meetings.

Debt Relief

- Debt distress was rising in the world before the COVID-19 pandemic. At the G20 Finance Ministers' (virtual) meeting before the Spring Meetings, countries [agreed to a debt moratorium](#) beginning May 1.
- The 77 low-income International Development Association (IDA) countries are covered. Middle income countries are not covered.
- Official bilateral creditors, including Organisation for Economic Co-operation and Development (OECD) countries, China, and the Gulf are covered. In general, multilateral debt is not covered (although the IMF Board has granted relief to some countries).
- Private debt is not covered, although there were calls for private sector creditors to participate on comparable terms.
- The communique of the World Bank's Development Committee (its highest decision making body) instructs the Bank and the Fund to also review the [debt burdens of middle income countries](#) and find solutions to fiscal and debt distress on a case by case basis.

- In his remarks, the UN secretary general [urged broader and longer-term debt relief](#).

Exceptional Financing for COVID-19 Response and IFI-UN Partnerships

- The IMF has received requests for emergency loans from over half its 189 country members and expects to process 50 by the end of April.
- The World Bank announced a target of support programs underway in 100 countries by the end of April. \$160 billion is to be provided in 15 months. The World Bank's pandemic bonds will also pay up to 132 million USD to least developed countries.
- There has been strong—and well-merited—support worldwide for large financial packages from the International Financial Institutions (IFIs). With the exception of the Special Drawing Rights debate (see below), attention at the meetings turned towards implementation, in particular ensuring that these packages are fast and of sound quality, reaching their intended beneficiaries and rebuilding citizen confidence. We expect this focus to increase as implementation proceeds: balancing speed, which is an imperative, with attention to inclusion, conflict-sensitivity and controls against corruption.
- UN-IFI partnerships were highlighted. The Development Committee Communique asked that implementation be done “in partnership with the World Health Organization, other UN agencies, international financial institutions, and bilateral partners. We ask them to collaborate in addressing the pandemic, supporting economic recovery, and safeguarding progress toward the twin goals and the SDGs.”

Special Drawing Rights: Increasing International Financial Support for COVID-19 Response

- There had been hope that these funding amounts would be [supplemented by the issue of IMF Special Drawing Rights \(SDRs\)](#).
- SDRs are an international reserve currency issued by the IMF that can be used by countries to supplement their existing financial reserves and avoid liquidity problems in a crisis. To simplify, they are like printing money internationally instead of nationally, although they are too small in the global economy to have negative inflationary impact. Because they are allocated according to IMF quotas, developing countries receive approximately 42 percent. The last general and special allocation of SDRs was in 2009 following the global financial crisis.
- [Various proposals](#) have [been made](#) to issue \$500 billion in SDRs to support COVID-19 responses. It is understood that the United States

(US) is at present blocking this measure, although the US in the past has itself been a strong user of SDRs.

- IMF Managing Director Kristalina Georgieva said in her statements at the Spring Meeting that the IMF would nonetheless “consider how SDRs could be more helpful.” Given the comparison with the 2009 crisis, calls for action are likely to continue: if it can be done to bailout the banks, why not to bail out the people?

Global Supply Chains

- The Development Committee Communique included this request: “we also ask that all countries ensure the flow of vital medical supplies, critical agricultural products, and other goods and services across borders, and that they work to resolve disruptions to the global supply chains, to support the recovery.”
- This statement, however, stops short of a platform to actually support such coordination. We hope that the UN will be able to fill this gap, in conjunction with the IFIs and a broad multistakeholder alliance, in the coming weeks.

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