

# Post COVID-19: A Different World

*Mahmoud Mohieldin*

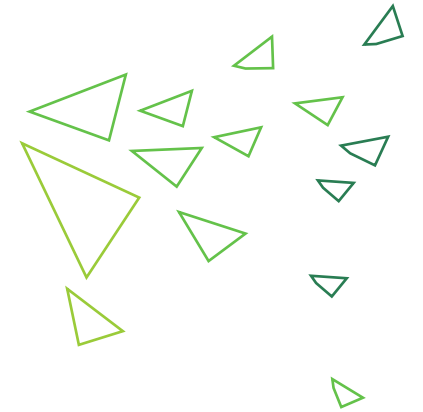
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# Outline

1. The World Post Covid-19 Pandemic...
2. Crisis I: State of COVID-19
3. Crisis II: Global Recession is Official Now
4. Crisis III: Financial Markets Crash and Volatility
5. (1+9) Proposals
6. Global Response
7. National Response
8. Dynamics of the Crisis and the New World



# 1. The World Post Covid-19 Pandemic...

## Progress in a Changing World



Mahmoud Mohieldin  
Senior Vice President  
World Bank Group  
19 November 2017



The Egyptian Center for  
Economic Studies (ECES) &  
The American Chamber of  
Commerce in Egypt

@wbg2030  
[worldbank.org/sdgs](http://worldbank.org/sdgs)

## Reflections on the new global economy: multipolarity

The world's economic center of gravity, 1980-2016, in black, at three-year intervals



Evolution of the earth's economic center of gravity: 1 CE to 2025

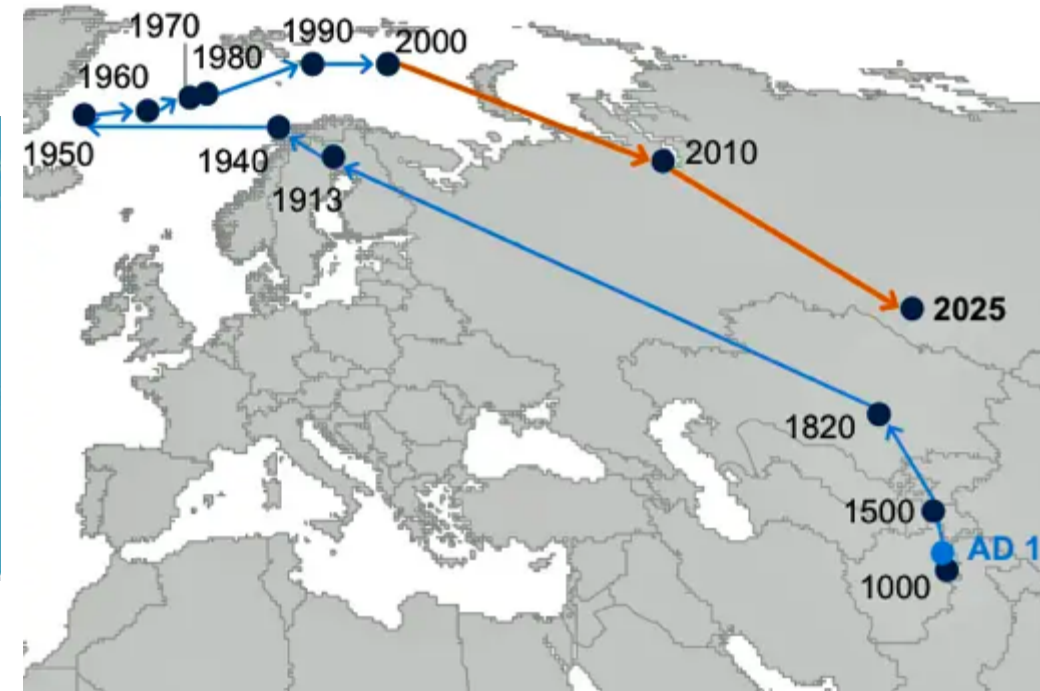


# 1. The World Post Covid-19 Pandemic...

Year	Latitude (degrees)	Projected Latitude (degrees)	Longitude (degrees)	Radial Distance (Earth's radius)
1980	66	31	-24	0.56
1983	68	31	-21	0.56
1986	69	31	-21	0.55
1989	72	33	-6	0.57
1992	73	32	0	0.56
1995	73	32	3	0.55
1998	73	32	1	0.55
2001	74	32	6	0.55
2004	74	32	16	0.55
2007	73	31	27	0.54
2010	73	31	35	0.54
2013	72	31	44	0.54
2016	71	31	53	0.54
2019	69	31	62	0.55
2022	66	31	69	0.56
2025	64	31	75	0.57
2028	61	31	79	0.58
2031	58	31	83	0.60
2034	55	31	86	0.62
2037	52	31	88	0.64
2040	50	31	90	0.66
2043	48	30	91	0.69
2046	46	30	92	0.71
2049	44	30	92	0.72



Shifting World's Economic Center Of Gravity



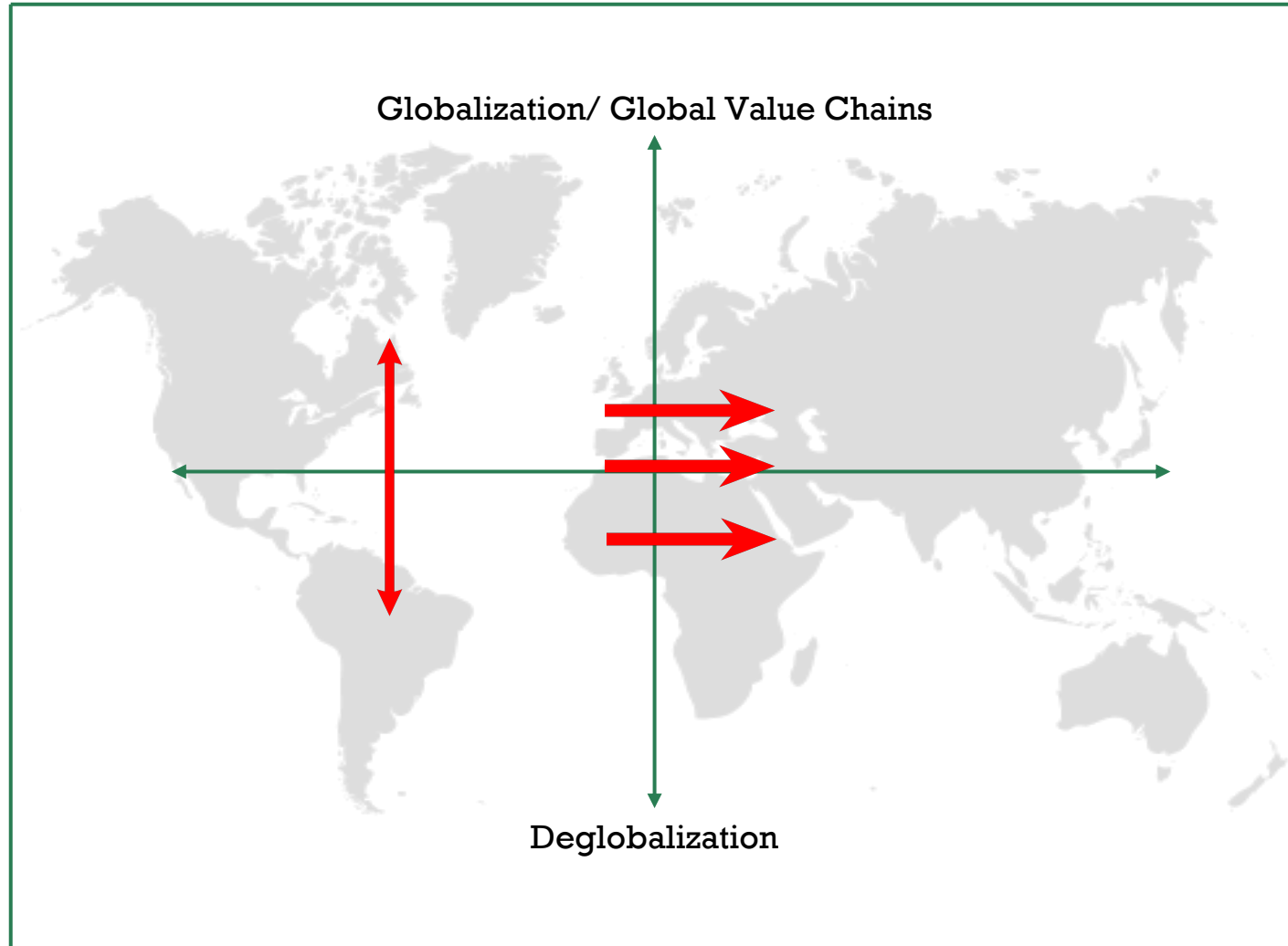
Source: McKinsey & Co.

Source: Danny Quah, Global Policy Volume 2 . Issue 1 . January 2011

# 1. The World Post Covid-19 Pandemic...

## Multi-Polar vs No Polar World

### Multi-Polar vs No Polar World



More Failed, Fragile & Vulnerable States

Floating Arguments on the Shape of the Future:

- Increase in the Role of the State
- Power Shift towards the East
- Less Open Societies
- Rise of Nationalism
- Accelerate towards a China-centered globalization
- Deglobalization
- Lack of International Leadership
- Less talk about New World Order
- Efficiency vs Redundancy
- End of the First World as we know it
- Second World ended with collapse of Berlin Wall in 1989
- Third World as a concept ended in 2008/2009
- Straw breaking economic globalization
- Added Environmental Considerations

Sources:

- Foreign Policy (How the world will look after the Coronavirus Pandemic) – March 2020
- FT - Janan Ganesh – April 1, 2020
- Bob Zoellick – April 2010

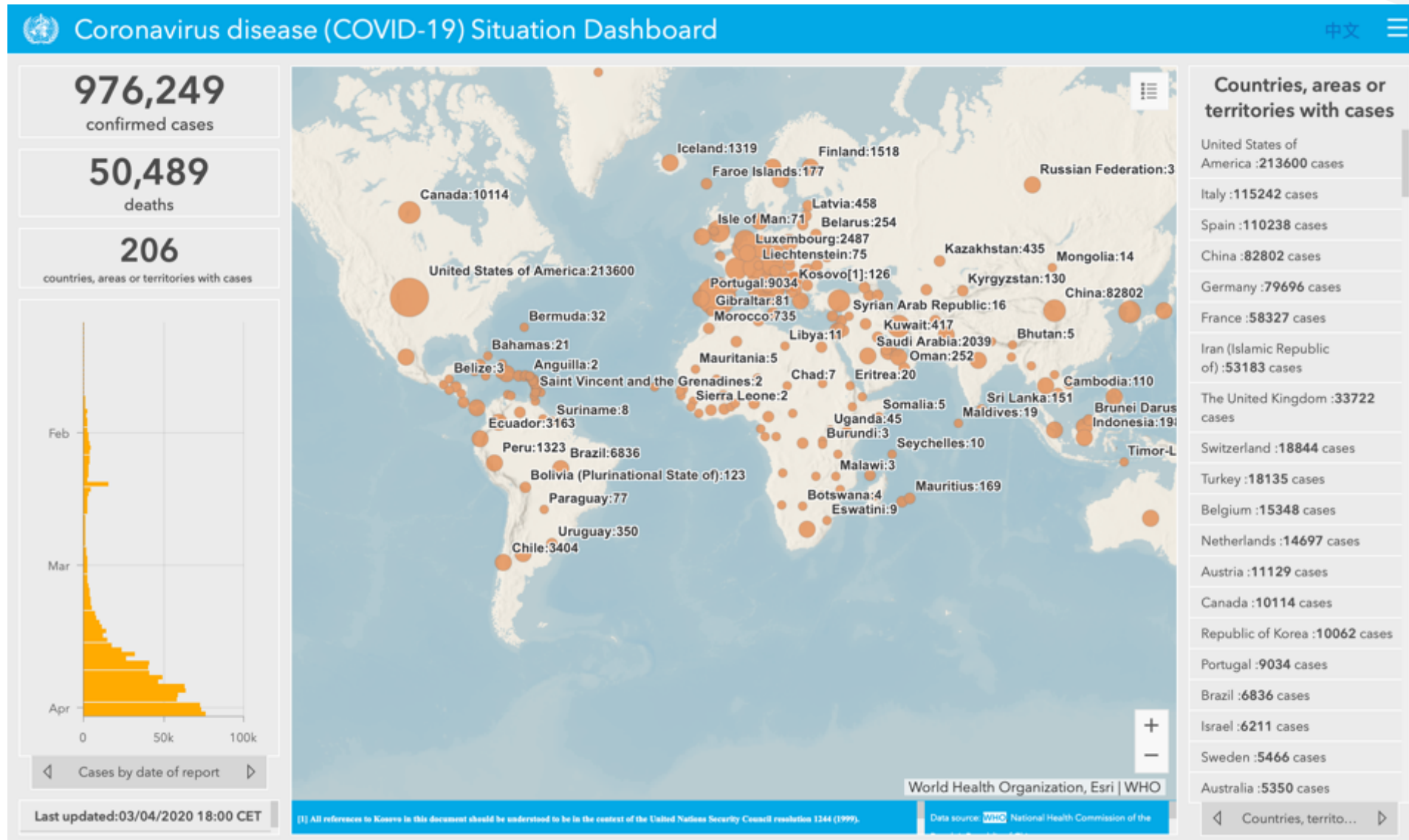
# 1. The World Post Covid-19 Pandemic... Global Megatrends

Megatrends collectively are going to shape a new and different world.



# The Great Global Crisis

## 2. Crisis I: State of COVID-19



Source: World Health Organization website – as of Thursday April 2 at 10 AM EST

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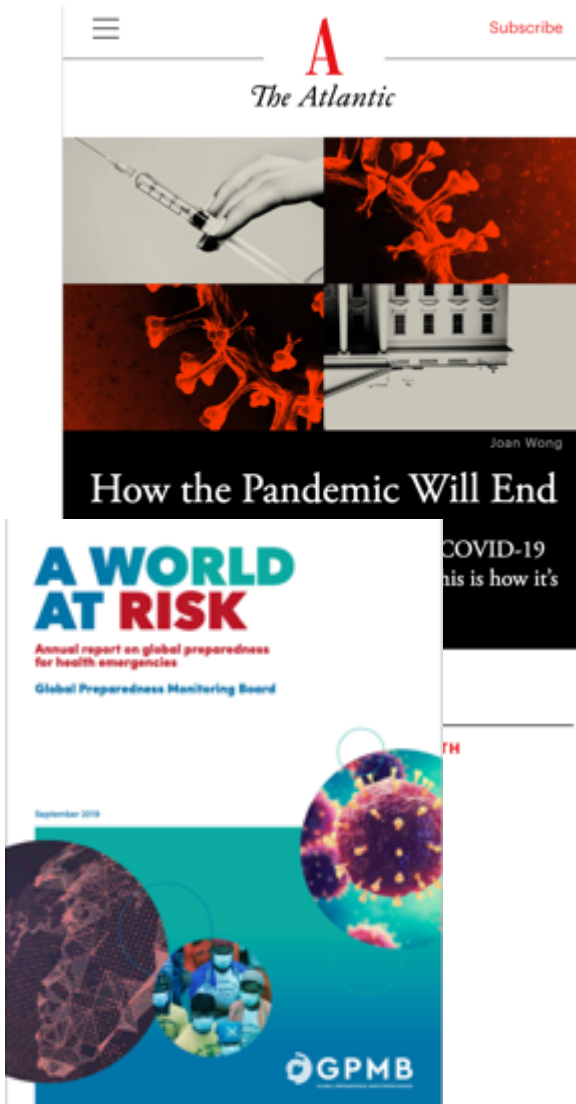



# Lack of Preparedness and Late Response were anticipated before the crisis

*“A global pandemic of this scale was inevitable. In recent years, hundreds of health experts have written books, white papers, and op-eds warning of the possibility.” – Ed Yong*

## Global Preparedness Monitoring Board in **September 2019** warned the world of an upcoming global pandemic

1. The world needs to proactively establish the systems and engagement needed to detect and control potential disease outbreaks.
2. For too long, we have allowed a cycle of panic and neglect when it comes to pandemics: we ramp up efforts when there is a serious threat, then quickly forget about them when the threat subsides. It is well past time to act.
3. Outbreaks hit lower-resourced communities much harder given their lack of access to basic health services, clean water and sanitation
4. Investing in health emergency preparedness will improve health outcomes, build community trust and reduce poverty, thereby also contributing to efforts to achieve the United Nations Sustainable Development Goals.





However, not everyone  
took health threats as  
they should...

# Anticipated Risks before the Global Crisis

Climate Change



1

Cyber Security Risks



2

Geopolitical Instability



3

Social Discontent and Local Conflicts



4

Natural Resources Management



5

Artificial Intelligence and Big Data



6

Pollution



7

Pandemics and Infectious Diseases



8

New Threats to Security



9

Macro-economic Risks



10



Source: AXA 2019 Emerging Risks Survey

# Anticipated Risks before the Global Crisis



# 3. Crisis II: Global Recession is Official Now

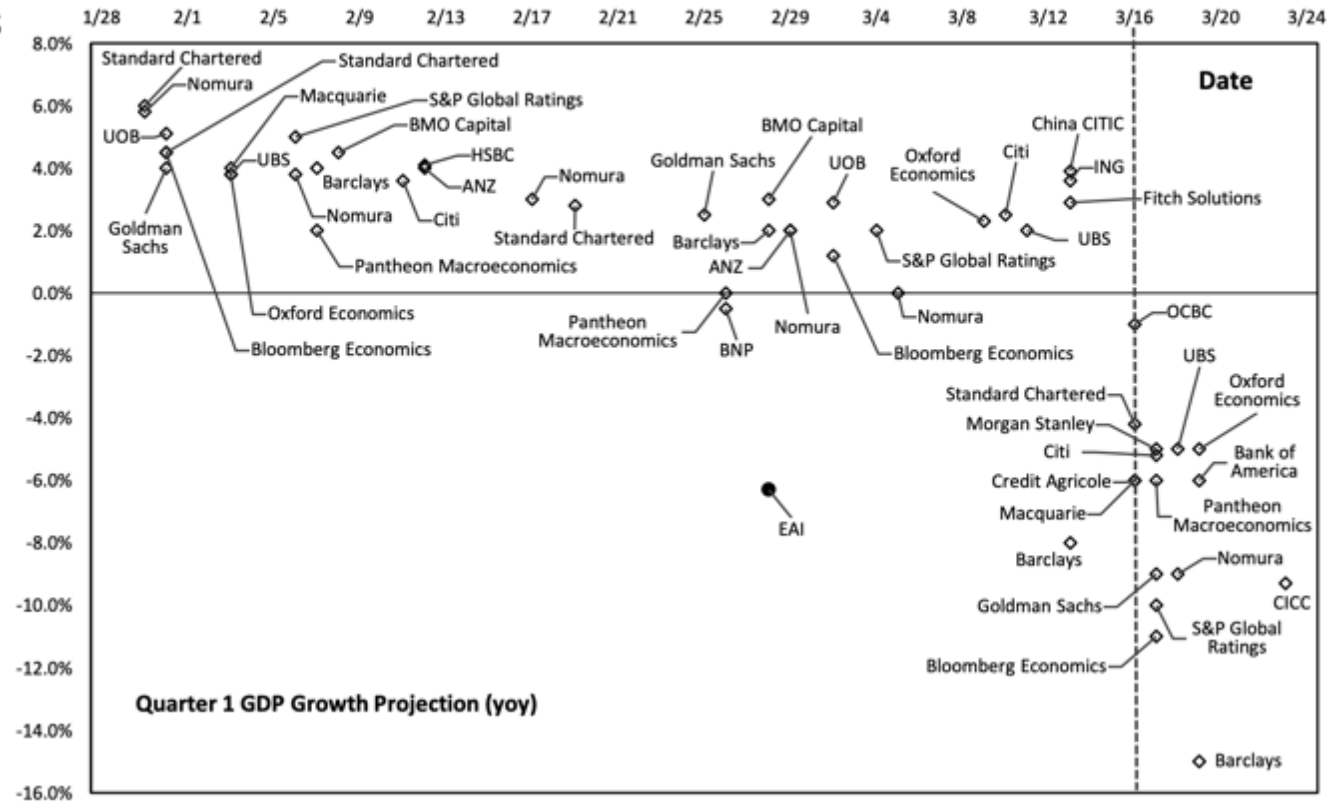
WORLD NEWS

## IMF declares global recession and doubles the size of its financial war chest

By Mark Armstrong with AP • last updated: 28/03/2020

- The Institute of International Finance (IIF) downgraded global economic growth for 2020 to **-1.5% from 2.6%**
- USA GDP to decline **-2.8%**
- Eurozone **-4.7%**
- Japan **-2.6%**
- Emerging Markets **1%**

FIGURE 2 CHINA: QUARTER 1 GROWTH PROJECTION (YEAR ON YEAR) AND DATE OF PROJECTIONS

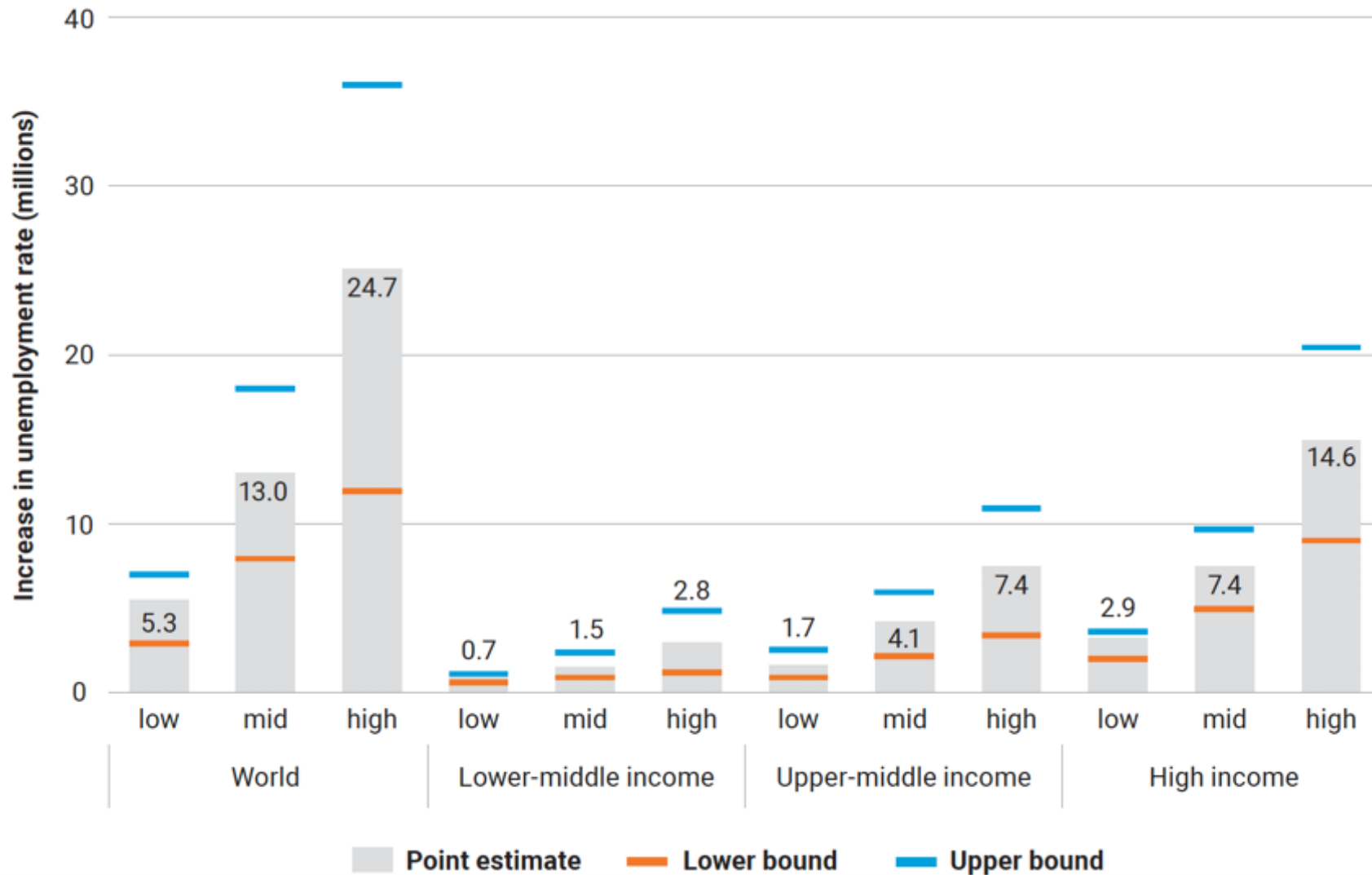


Growth is foreseen to be between 1% and 3.3% for 2020


Source: Hofman B 2020, the covid-19 pandemic, EAI commentary Number 14, EAI NUS

# Impact on Unemployment

Impact of declining global growth on unemployment based on three scenarios, world and income groups (millions)



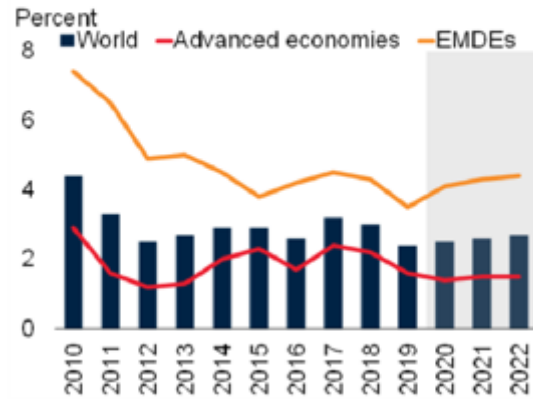
Source: ILO



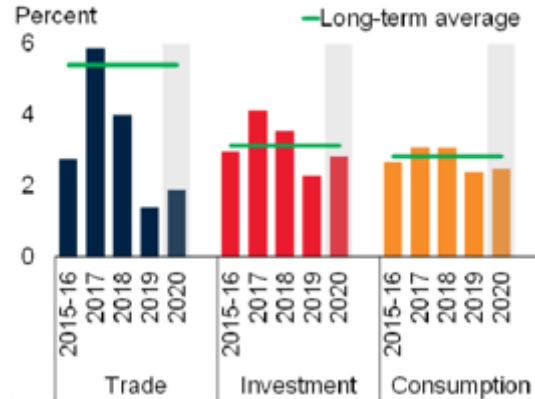
**This shouldn't come as  
a surprise as the world  
economy was fragile**

# Before Recession, the Global Economy Suffered from Weak Conditions and Fragility, and Vulnerability

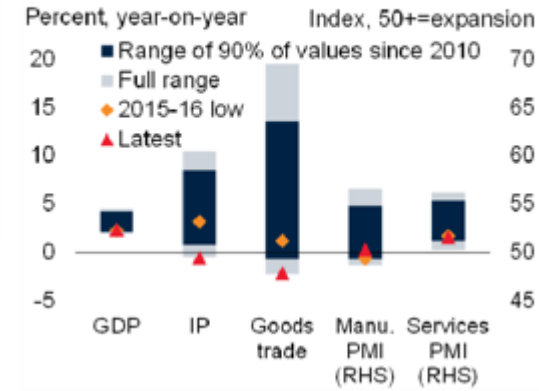
**A. Global growth**



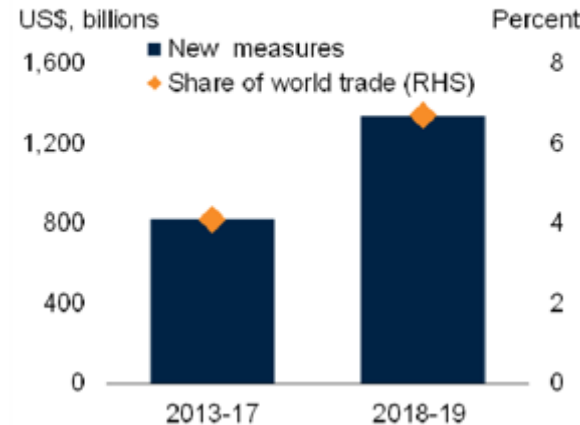
**B. Global trade, investment, and consumption growth**



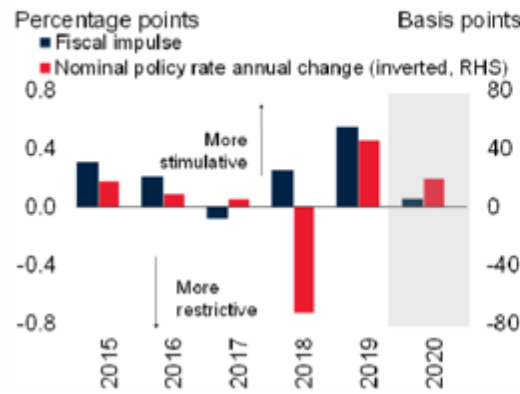
**C. Global indicators of activity in 2019**



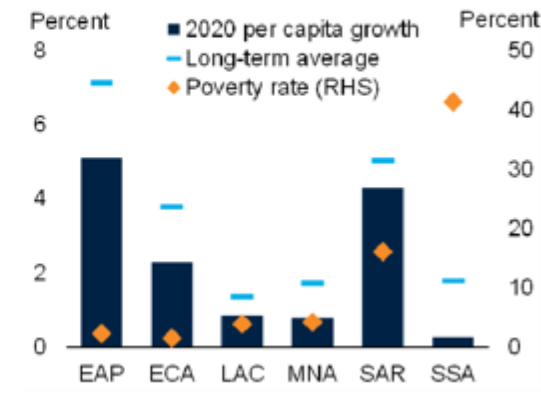
**D. Global trade subject to new protectionist measures**



**E. Stance of global fiscal and monetary policy**



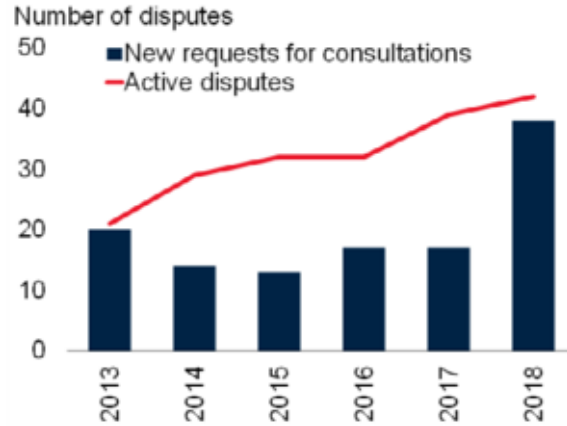
**F. Per capita income growth**



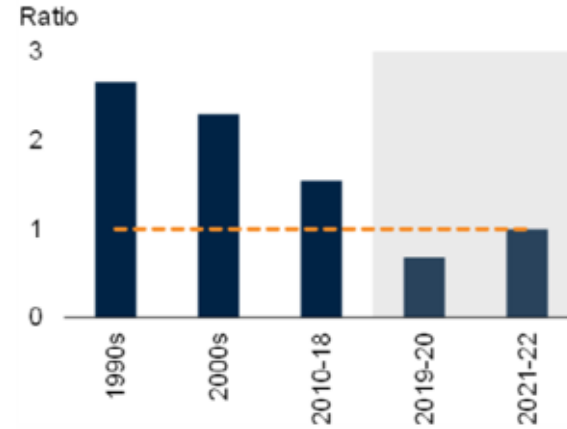


# Before Recession, the Global Economy Suffered from Weak Conditions and Fragility, and Vulnerability

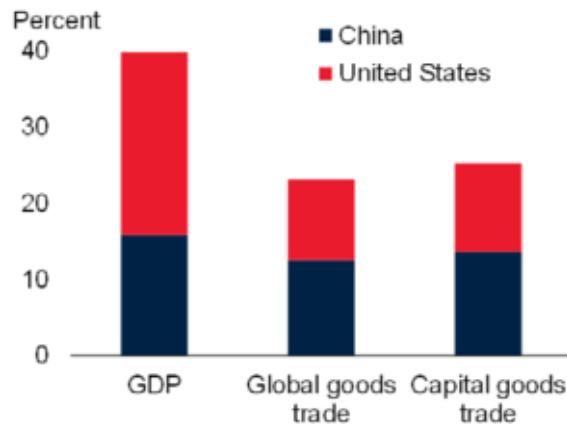
**A. Trade disputes**



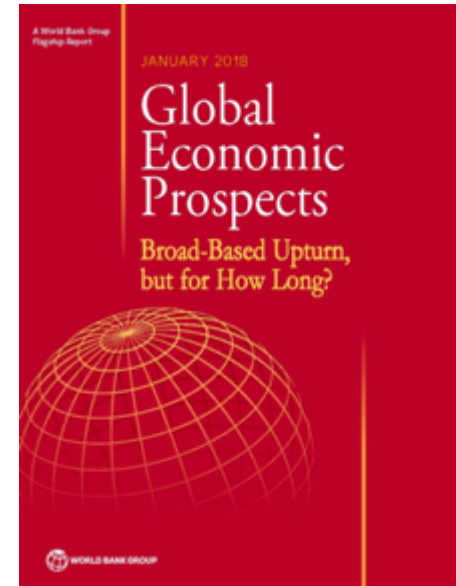
**B. Ratio of global trade to GDP growth**



**C. U.S. and China share of global indicators, in 2018**



**D. Global trade policy uncertainty and business confidence**



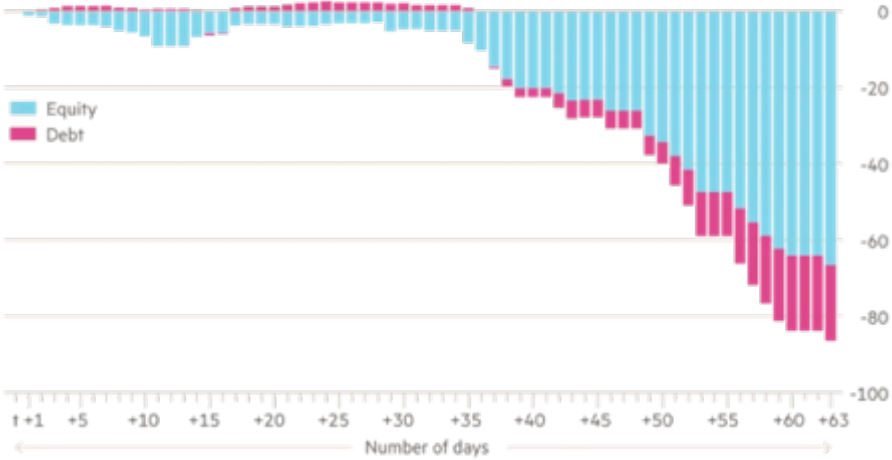
Source: Global Economic Prospects, World Bank Group, 2020

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# 4. Crisis III: Financial Markets Crash and Volatility

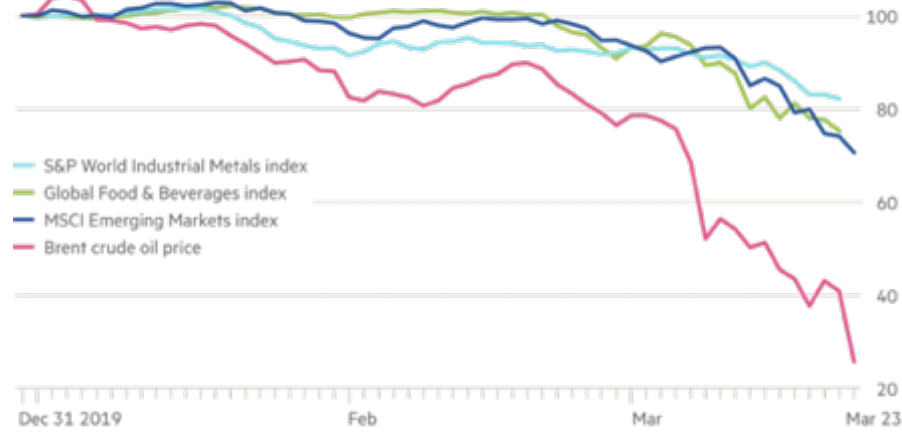
Investor sell-off of both emerging markets equities and debt

Accumulated non-resident portfolio flows to EMs since Jan 21 2020 (\$bn)



Commodity prices and emerging market stocks tumble

Indices and oil price (rebased)



Source: Financial Times – March 25, 2020

Crude Oil Brent Barrel Price as of April 3, 2020 1:33 PM



Source: Trading Economics

\$ trillion      % of GDP, weighted avg.



Source: IIF

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# Furthermore... Food Security Concerns

## Possible impact of #COVID19 on food supply chains.

Shortages of labour to produce and process food.



Decreased supply of perishable commodities.



Increasing struggle of farmers to access markets.

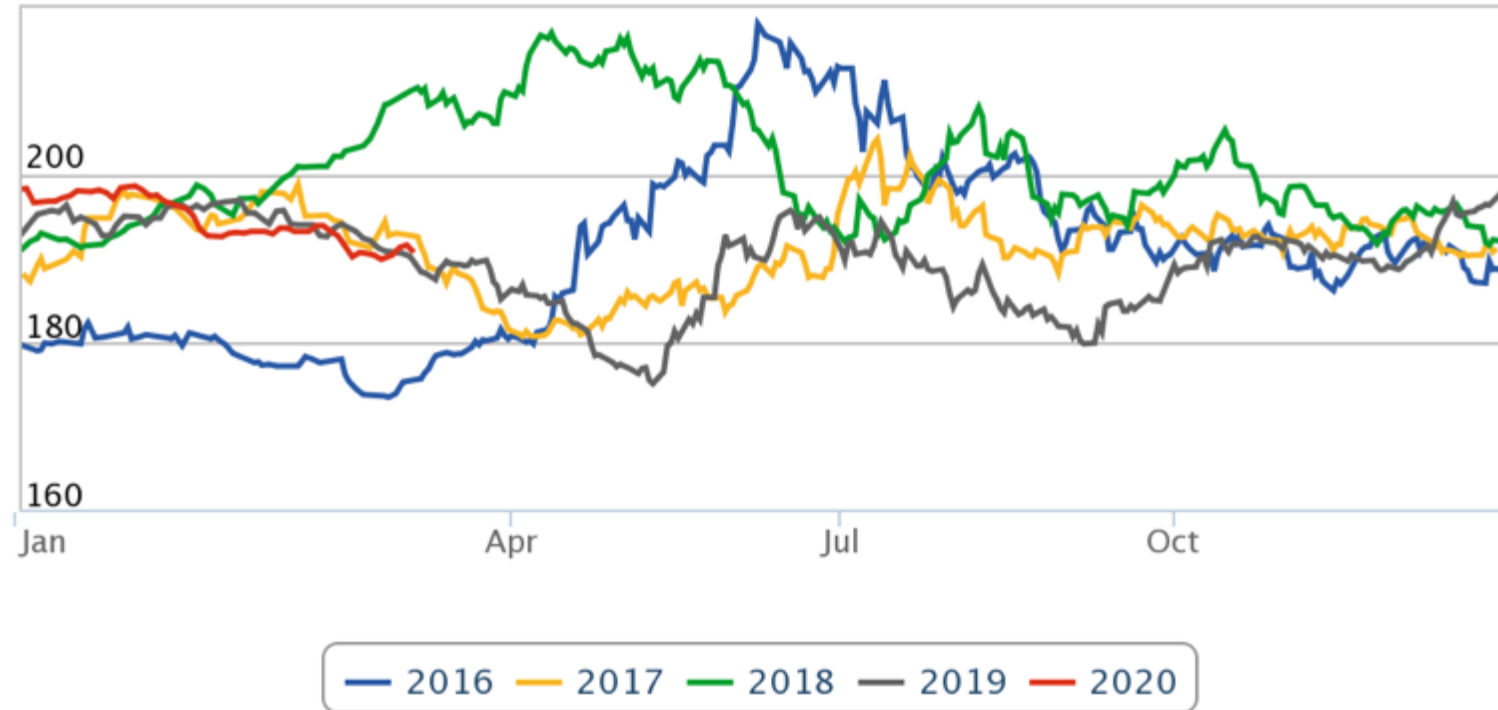


Transport restrictions blocking food deliveries.



## Grains and Oilseeds Index (by year)

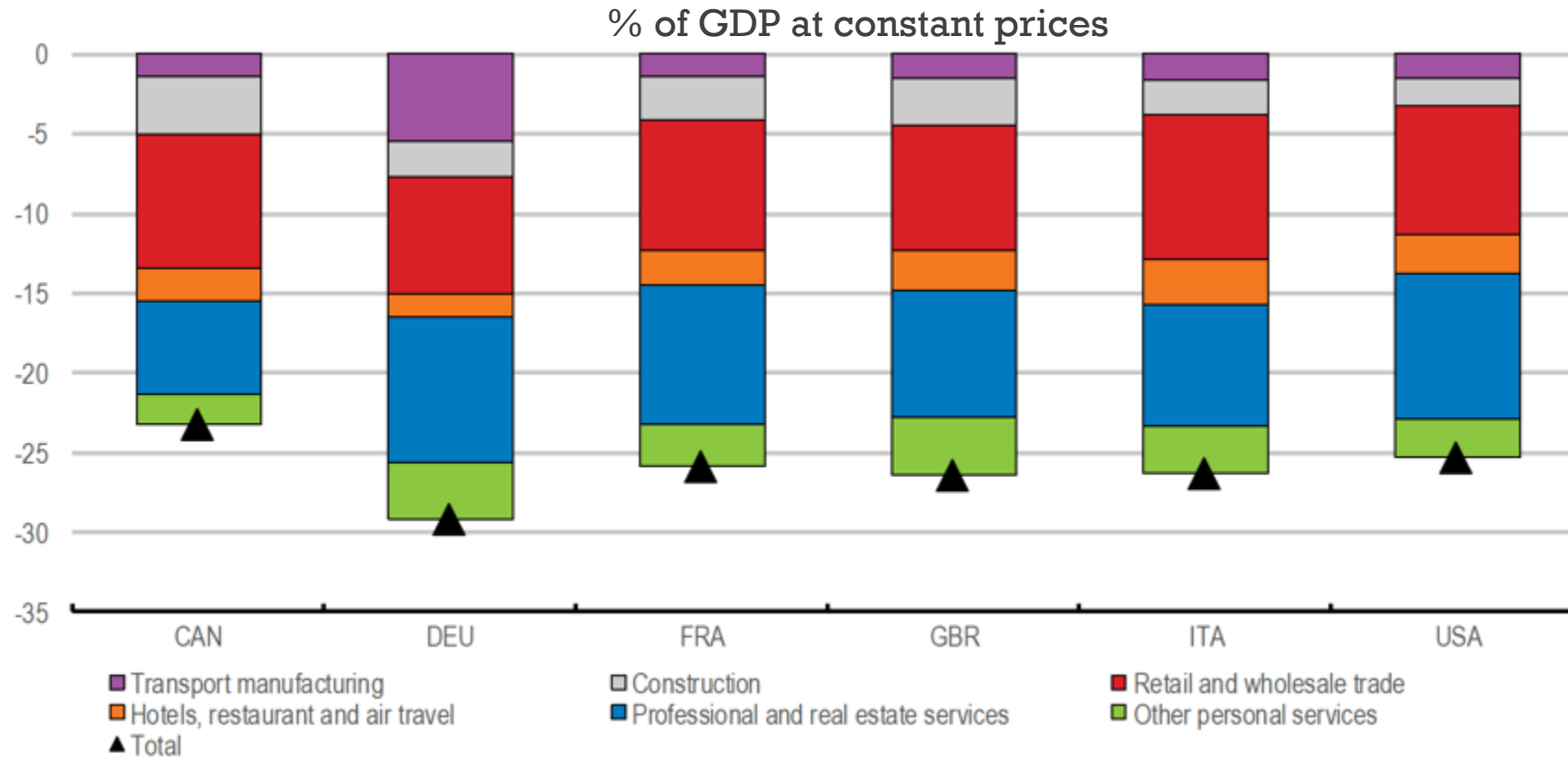
Jan-00 = 100



Source: International Grains Council (IGC)

# Impact on Sectoral Performance

OECD's analysis for potential impact of partial or complete shutdowns on activity in selected economies



Source: OECD Economics Department Note, March 27, 2020

# Change Readiness Index

(Enterprise Capability – Government Capability – People’s Capability – Civil Society Capability)

Country	Change Readiness Index (out of 140; KPMG, 2019)
Algeria	111
Bahrain	N/A
Comoros	N/A
Djibouti	N/A
Egypt	81
Iraq	N/A
Jordan	42
Kuwait	N/A
Lebanon	77
Mauritania	126
Morocco	67
Oman	N/A
Qatar	12
Saudi Arabia	30
Sudan	136
Tunisia	68
UAE	5
Yemen	N/A

Overall rank	Country	Region	Enterprise capability	Government capability	People & civil society capability
1	Switzerland	Northern, Southern and Western Europe	1	1	3
2	Singapore	East Asia and Pacific	2	2	10
3	Denmark	Northern, Southern and Western Europe	3	7	2
4	Sweden	Northern, Southern and Western Europe	8	5	1
5	United Arab Emirates	Middle East and North Africa	5	3	16
6	Norway	Northern, Southern and Western Europe	14	6	4
7	Germany	Northern, Southern and Western Europe	7	8	8
8	United Kingdom	Northern, Southern and Western Europe	6	11	6
9	New Zealand	East Asia and Pacific	10	9	11
10	Netherlands	Northern, Southern and Western Europe	9	12	7

Source: KPMG 2019 Change Readiness

# Regional Context: Impact on Growth

Real GDP Growth, 2018–24 (Projections before the crisis)

	2018	2019	2020	2021–24
<b>World</b>	3.6	3.0	3.4	3.6
Euro area	1.9	1.2	1.4	1.4
United States	2.9	2.4	2.1	1.6
China	6.6	6.1	5.8	5.7
Russia	2.3	1.1	1.9	2.0
<b>MENAP</b>	1.6	0.5	2.7	3.1
MENAP oil exporters	0.2	-1.3	2.1	2.1
<i>of which: non-oil GDP growth</i>	0.4	1.1	2.6	2.5
MENAP oil importers	4.3	3.6	3.7	4.8
<b>CCA</b>	4.2	4.4	4.4	4.5
CCA oil and gas exporters	4.1	4.3	4.4	4.5
<i>of which: non-oil GDP growth</i>	3.0	5.1	4.6	4.2
CCA oil and gas importers	5.2	4.9	4.5	4.5

<https://www.imf.org/en/Publications/REO/MECA/Issues/2019/10/19/reo-menap-cca-1019>

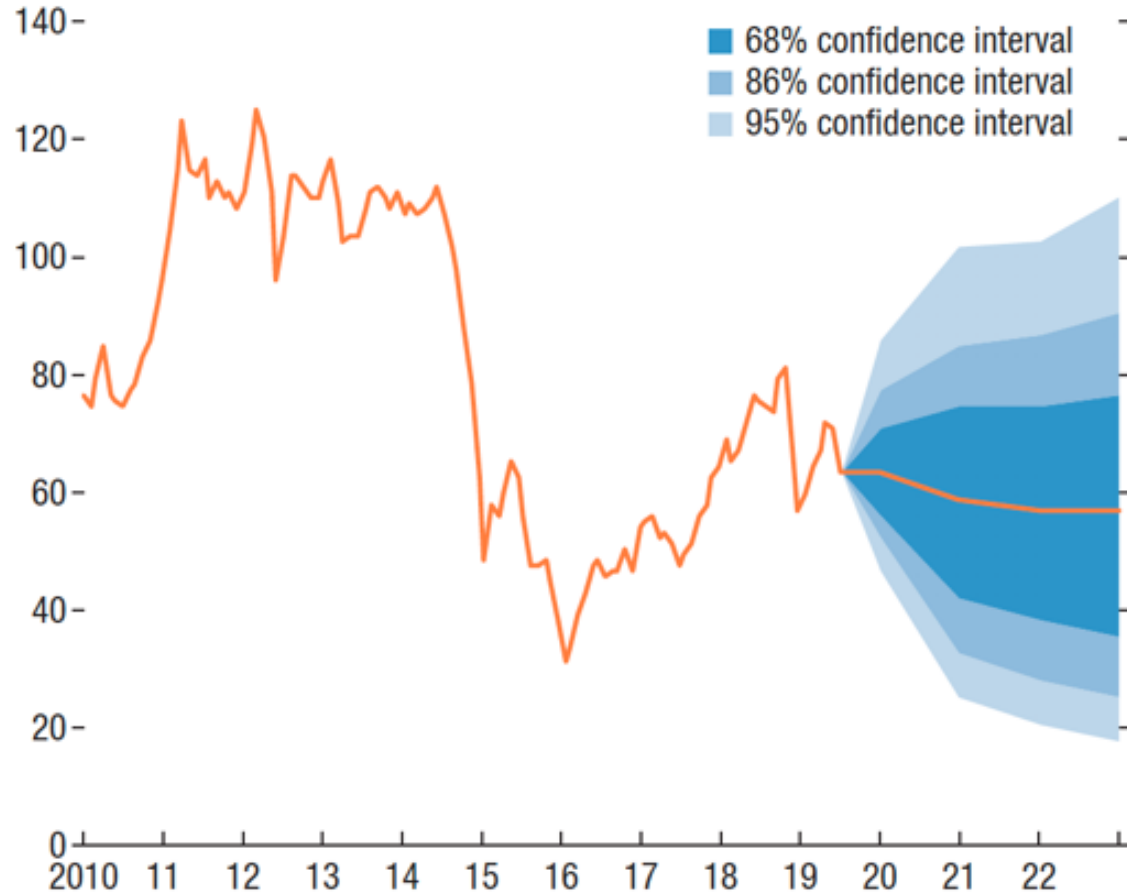
Sources: BACI International Trade database; Centre d'Etudes Prospectives et d'Informations Internationales; and IMF staff calculations.

CCA = Caucasus and Central Asia; MENAPOE = Middle East, North Africa, Afghanistan, and Pakistan oil-exporting countries; and MENAPOI = Middle East, North Africa, Afghanistan, and Pakistan oil-importing countries. Country abbreviations are International Organization for Standardization (ISO) country codes.

- Independent views suggesting major contraction and that a recession is more likely
- Rejecting **V** shape - Hoping for a **U** recovery - & Fearing an **L** situation
- ESCWA estimates that the region will lose 42 billions in GDP from COVID-19 (from January to mid-March)
- Increase of unemployment rate by 1.2 percentage points (ILO estimates)
- Rise in global unemployment will range between 5.3 million to 24.7 millions from a base level of 188 million in 2019.
- 2008 Financial Crisis increased unemployment by 22 million
- Estimates of losses in global labor income range between 900 billions to 3.4 trillion USD
- Impact on learners (worldwide) 890 million learners = 51% of total enrolled in education have been affected by school closures

# Regional Context

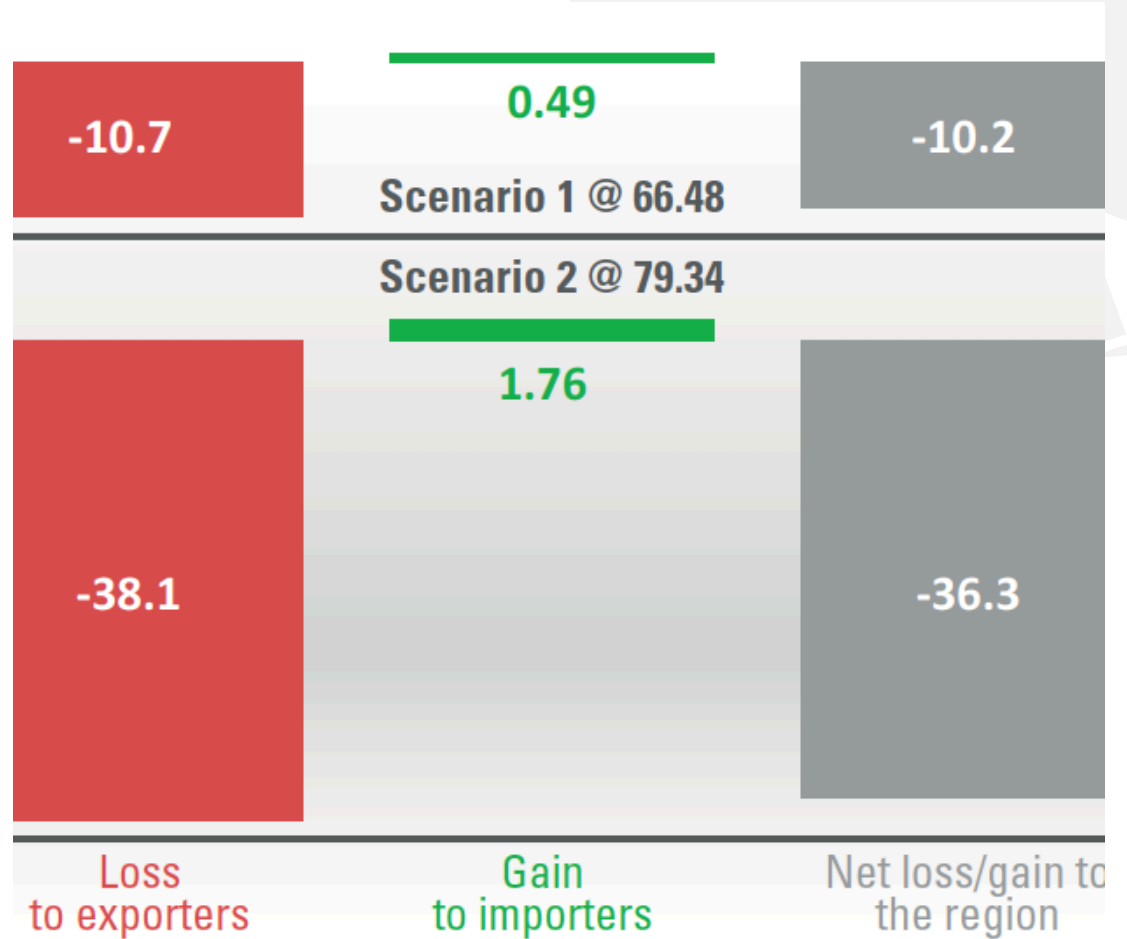
Brent Crude Futures (US Dollars a barrel)



Sources: Bloomberg, LP; and IMF staff calculations.

Mirzoev, T. N., Zhu, L., Yang, Y., Zhang, T., Roos, E., Pescatori, A., & Matsumoto, A. *The Future of Oil and Fiscal Sustainability in the GCC Region* (No. 20/01). International Monetary Fund.

Loss of oil revenues for the Arab region Scenarios  
(Estimates for January to mid-March 2020, \$ billion)



Source: ESCWA

# Impact on Growth:

## Economic Fallout of COVID-19 and Plunge in Oil Prices, Real GDP Growth

	2016	2017	2018	2019	2020 old	2020 new
<b>World</b>	<b>2.7</b>	<b>3.2</b>	<b>3.1</b>	<b>2.6</b>	<b>2.6</b>	<b>-1.5</b>
<b>Mature Markets</b>	<b>1.6</b>	<b>2.2</b>	<b>2.2</b>	<b>1.6</b>	<b>1.5</b>	<b>-3.3</b>
Ow United States	1.6	2.2	2.9	2.3	2.0	-2.8
Euro Area	2.0	2.4	1.8	1.1	1.2	-4.7
<b>Emerging Markets</b>	<b>4.3</b>	<b>4.7</b>	<b>4.5</b>	<b>3.8</b>	<b>4.2</b>	<b>1.1</b>
<b>EM excluding China</b>	<b>3.0</b>	<b>3.4</b>	<b>3.2</b>	<b>2.3</b>	<b>3.1</b>	<b>0.0</b>
<b>MENA</b>	<b>3.8</b>	<b>0.7</b>	<b>1.3</b>	<b>0.8</b>	<b>1.8</b>	<b>-0.3</b>
<b>GCC oil exporters</b>	<b>2.4</b>	<b>-0.3</b>	<b>2.0</b>	<b>0.9</b>	<b>2.2</b>	<b>0.6</b>
Bahrain	3.5	3.8	1.7	1.5	2.0	-0.7
Kuwait	2.9	-4.7	1.2	0.3	2.8	0.8
Oman	5.1	0.3	1.8	0.7	2.5	0.2
Qatar	2.1	1.6	1.5	0.8	2.6	0.4
Saudi Arabia	1.7	-0.7	2.4	0.2	2.0	0.7
UAE	3.1	0.5	1.7	2.5	1.9	0.6
<b>Non-GCC oil exporters</b>	<b>9.3</b>	<b>1.3</b>	<b>-1.6</b>	<b>-1.6</b>	<b>-0.9</b>	<b>-3.8</b>
Algeria	3.2	1.3	1.4	0.3	1.6	-1.5
Iran	12.5	3.7	-4.6	-8.1	-5.1	-8.4
Iraq	10.2	-2.5	-0.6	3.4	3.2	-0.3
<b>Oil importers</b>	<b>3.3</b>	<b>2.6</b>	<b>3.1</b>	<b>3.0</b>	<b>3.2</b>	<b>0.8</b>
Egypt	4.3	2.7	5.3	5.6	5.4	2.7
Jordan	2.0	2.1	1.9	2.0	2.3	0.6
Lebanon	1.5	0.9	-1.9	-6.1	-5.2	-13.3
Morocco	1.1	4.2	3.0	2.7	3.2	1.1
Tunisia	1.3	1.8	2.5	1.7	2.5	0.5
Sudan	4.7	0.7	-2.4	-1.7	-0.8	-1.5
<b>Memo: Brent oil prices, \$ pb</b>	<b>45.0</b>	<b>54.8</b>	<b>71.5</b>	<b>64.2</b>	<b>60.0</b>	<b>40.0</b>

Source: Haver, IIF



# Impact on Education

Countries affected by school closures (as of 26 March 2020)

738.9 million girls and women  
785.5 million boys and men

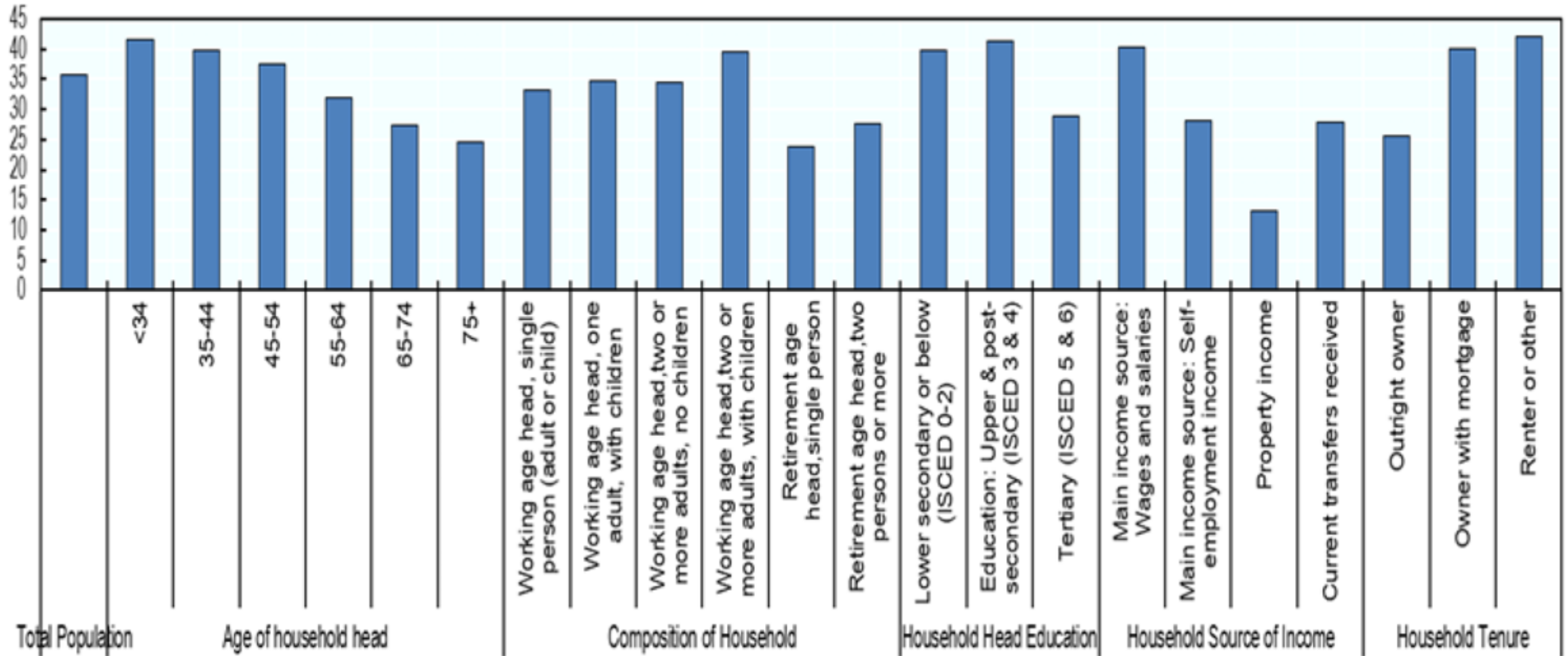
Nearly **60.2 million teachers** are no longer in the classroom

- Country-wide school closures
- Localized school closures

166 countries had shut schools nationwide, **impacting almost 1,52 billion children** and youth who would normally attend pre-primary to upper-secondary classes

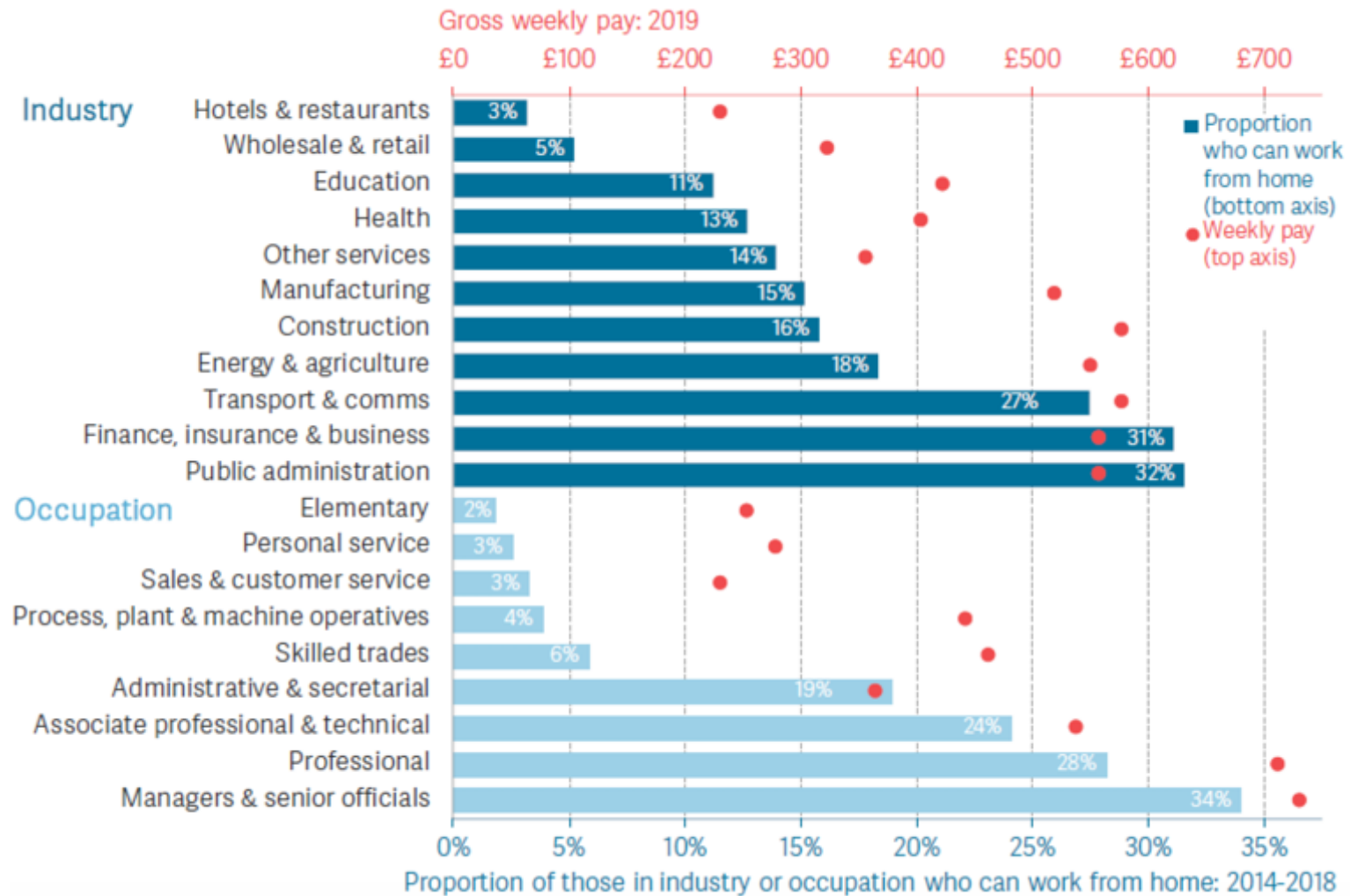
# Impact on Poverty

Share of individuals who are financially insecure, by population group, latest available year, OECD average

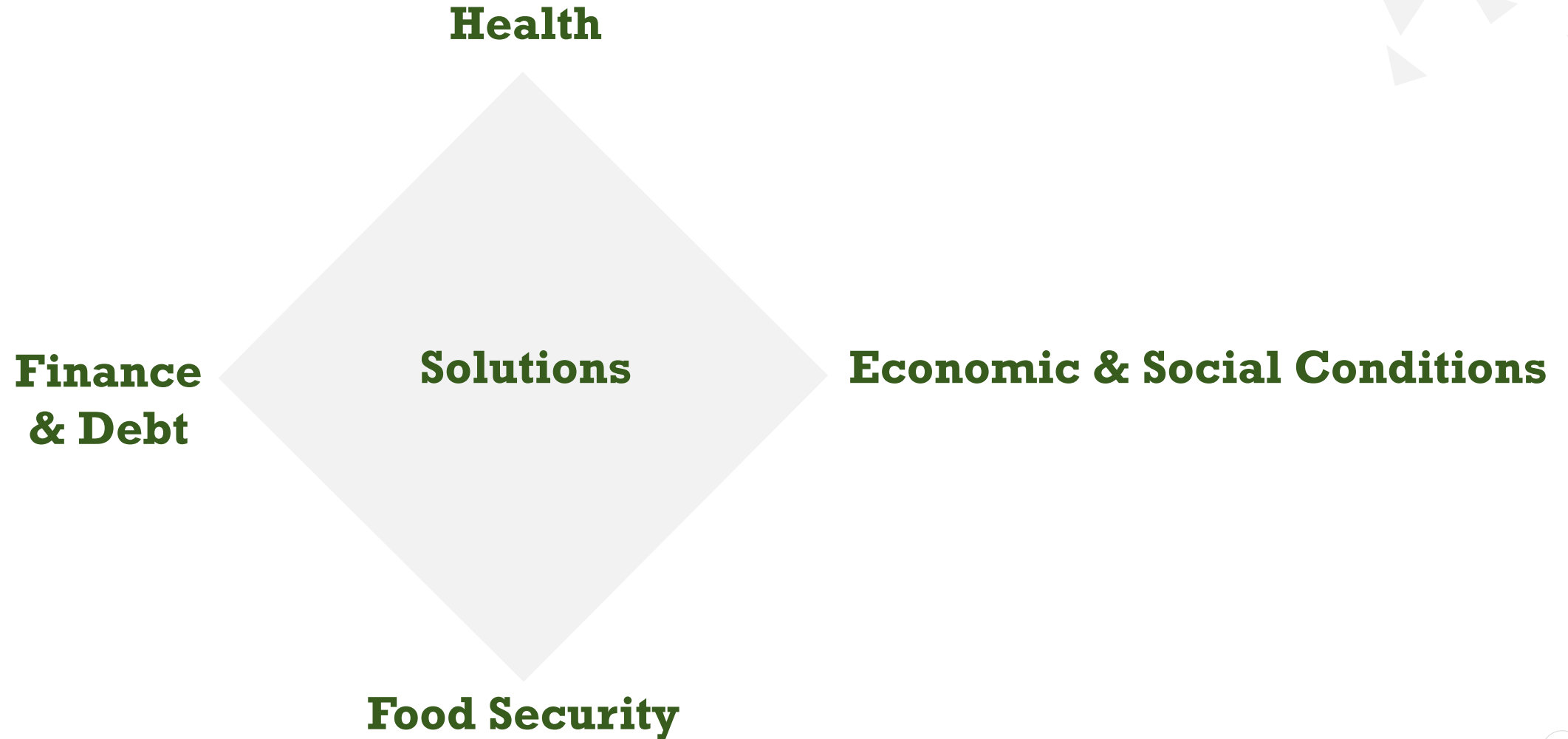


# Impact on Poverty

Proportion of employees who can work from home if needed, by gross weekly pay, industry and occupation: UK, 2014-2018/ 2019



# 5. (1+9) Proposals



# (1+9) Proposals

## (1) Health Response

Healthcare Front is of the utmost priority (could be 1-1.5% of GDP)

1. **Testing** Capabilities and equitable availability



Test

2. Securing Essential **Medical Supplies**



Medical Supplies

3. **Prioritize Research & Development** (COVID-19 vaccines and drugs)



Vaccines

4. **Sharing Knowledge** & Data



Shared Knowledge

# (1+9) Proposals

## (+9) Economic & Social and Financial Responses

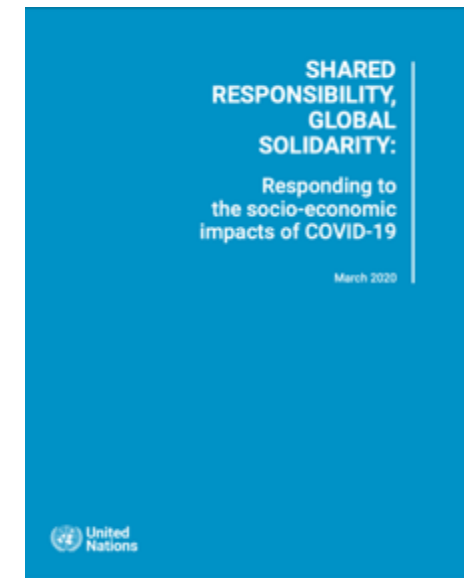
1. **Understand** that this **great global crisis is unprecedented** (Whole of Nation and Whole of Government Approach – SDGs & Paris Agreement) – Intensify international cooperation and effective coordination to prevent other crises (Food, Debt, & Oil)
2. **Sustain** the support to the **health sector** after the crisis (Primary Healthcare & Universal Health Coverage) (SDG 3)
3. Invest in **education**, knowledge, and human Capital in the age of **Digitalization** (SDG 4)
4. Focus economic stimulus on the most vulnerable **people** and business (Cash Transfers & Universal Income – Targeted Support and Bailout) (SDG 1 & 10)
5. Prioritize **economic policies** in full partnership within a **whole of nation approach** with clear determination of the roles of Government, Community, and Private Sector. (Social protection, health insurance, enrolling the informal sector, impact investing, and social solidarity) (SDGs 1, 2, 4 8, 9, 10 & 16)
6. **Localize** Development and Investment (Implement SDG 11+ Competition, Competitiveness, and combat Protectionism)
7. Accelerate **Digitalization** (Develop the DNA “Data, Networks, and Artificial Intelligence”) (SDG 17 +)
8. Pay attention to **Losers**, **Winners**, and Corona **Profiteers** (The Role of Public Policy) (SDG 16)
9. Remember that **“Nothing is more permanent than the temporary”** – (Sunset Provisions) (SDGs & Beyond)



# It's All in the Implementation

# 6. Global Response

1. UN Secretary-General produced a report with a call for action:
  1. Robust and cooperative health response the world has ever seen.
  2. Socio-economic measures to cushion the knock-on effects on millions of people's lives, their livelihoods and the real economy.
  3. Learn from this crisis and recover better
2. G20 leaders declared that they are determined to spare no effort collectively and individually to:
  - Protect Lives.
  - Safeguard people's jobs and incomes.
  - Restore confidence, preserve financial stability, revive growth, and recover stronger
  - Minimize disruptions to trade and global supply chains.
  - Provide help to all countries in need of assistance (debt relief? debt forgiveness? debt restructuring?)
  - Coordinate on public health and financial measures
  - G-20 members pledged \$5 Trillion to spur global economic recovery from coronavirus which is nearly 6% of the global GDP, extra \$2.5-3 Trillion are needed for of the developing economies
3. Joint Statement World Bank Group and IMF Call to Action on Debt





# Attention is Required for Food Security

1. Keep the global food trade going
2. Support small stakeholders to increase food production
3. Meet immediate food needs of vulnerable populations
4. Keep food supply chain alive
5. Ensure this is done while protecting everyone's health

Source: FAO



# 7. National Response (USA as an example)

Coronavirus Aid, Relief, and Economic Security (CARES) Act”

\$2,261 Billions (could be leveraged by 3x):

- \$504 Billions Exchange Stabilization Fund loans to struggling businesses
  - including \$429 Billions for backstop Fed lending facility (could be leveraged by 10x)
- \$260 Billions for Unemployment insurance expansion
- \$175 Billions for State and local government aid
- \$330 Billions for Emergency federal government appropriations (healthcare, safety nets & education spending)
- \$290 Billions for Direct payments to taxpayers
- \$280 Billions for Payroll tax relief for employers and employees

A note for comparison

Economic Stimulus Act of 2008

\$152 billion

Troubled Asset Relief Program (TARP), 2008

\$700 billion

American Recovery and Reinvestment Act of 2009

\$787 billion

Source: Wall Street Journal

# 7. National Response (IMF Policy Tracker)

## COLOMBIA

### FISCAL

- A state of emergency decree created a National Emergency Mitigation Fund, which will be partially funded from regional and stabilization funds. Additional budgetary support for health has been announced.
- The authorities estimate that the fiscal impact of COVID-19 could be between 0.3-0.5 of GDP.
- Authorities have also announced faster direct contracting for services associated with the emergency response, a new credit line providing liquidity support to all tourism-related companies, delayed tax collection for the tourism and air transportation sectors, a reduction of tariffs for strategic health imports, and expanded transfers for vulnerable groups.

### MONETARY AND MACRO-FINANCIAL

- The Central Bank has not changed the policy rate but has implemented several measures to boost liquidity in both the financial market and foreign exchange rate markets. These include: (i) an extension of access of their liquidity overnight and term facilities to managed funds, stock brokerage companies, trusts, and investment companies, (ii) an expansion of their liquidity operations (REPOS) allotment from COP 20 to 23.5 trillion, (iii) COP 10 trillion program to purchase securities issued by credit institutions, and (iv) COP 2 trillion in TES purchases.

### EXCHANGE RATE AND BALANCE OF PAYMENTS

- To provide liquidity in FX markets, the central bank auctioned USD 400 million of FX swaps (in US dollars) through which reserves are sold and bought back in 60 days. In addition, a new mechanism of exchange-rate hedging was introduced through a USD 1 bn auction of Non-Deliverable Forwards with a 30-day maturity.

# 7. National Response (IMF Policy Tracker)

## CZECH REPUBLIC

### FISCAL

- The government announced a fiscal package of CZK 100bn (€3.7bn, 2 percent of GDP). While details are being determined, the measures will likely include income support of 60 percent of gross wages of employees sent into quarantine and up to 80 percent of gross wages of employees of businesses, that had to close because of containment requirements. The government further granted a credit line for businesses through the state development bank (CMZRB) of CZK 10bn and further pledged CZK 900bn (EUR 33.3bn, 16 percent of GDP) in guarantees. Advance payments on personal and corporate income tax are waived for Q2 2020, as are penalties for failing to pay property tax and file tax returns on time.

### MONETARY AND MACRO-FINANCIAL

- The Czech National Bank (CNB) lowered the policy rate by 50 bps to 1.75 percent on March 16 and increased the frequency of repo operations from one to three times a week. It has also revisited its earlier decision adopted in May 2019 to increase the countercyclical capital buffer rate for exposures located in the Czech Republic to 2% with effect from 1 July 2020, leaving it at 1.75 percent. The CNB is considering to, if certain conditions are met, allow banks to delay loan repayments by up to 5 months without requiring (i) the immediate reclassification of loans as non-performing and (ii) banks to update the respective clients' credit rating in the credit registry.

### EXCHANGE RATE AND BALANCE OF PAYMENTS

- No measures.

# 7. National Response (IMF Policy Tracker)

## EGYPT

### FISCAL

- Stimulus policies in the USD 6.4 billion package (EGP 100 billion, 2 percent of GDP) to mitigate the economic impact of COVID-19.
- Pensions have been increased by 14 percent.
- Energy costs have been lowered for the entire industrial sector;
- Real estate tax relief has been provided for industrial and tourism sectors;
- Subsidy pay-out for exporters has been stepped up.
- As part of the EGP 100 billion stimulus, EGP 50 billion has been announced for the tourism sector, which contributes close to 12% of Egypt's GDP, 10% of employment, and almost 4% of GDP in terms of receipts, as of 2019.
- The moratorium on the tax law on agricultural land has been extended for 2 years.
- The stamp duty on transactions and tax on dividends have been reduced. Capital gains tax has been postponed until further notice.

### MONETARY AND MACRO-FINANCIAL

- The central bank has reduced the policy rate by 300bps. The preferential interest rate on loans to SMEs, industry, tourism and housing for low-income and middle-class families, has been reduced from 10 percent to 8 percent.
- The limit for electronic payments via mobile phones has been raised to EGP 30,000/day and EGP 100,000/month for individuals, and to EGP 40,000/day and EGP 200,000/per week for corporations.
- A new debt relief initiative for individuals at risk of default has also been announced, that will waive marginal interest on debt under EGP 1 million if customers make a 50 percent payment. The regulations issued last year requiring banks to obtain detailed information of borrowers have been relaxed.
- The central bank has also launched an EGP 20 billion stock-purchase program.

### EXCHANGE RATE AND BALANCE OF PAYMENTS

- No measures.

# 7. National Response (IMF Policy Tracker)

## SINGAPORE

### FISCAL

- A fiscal stimulus package of RM 6 billion (0.4 percent of GDP) was approved on February 27, 2020. The measures include: (i) increased spending on medical equipment and personnel; (ii) temporary tax relief; (iii) a temporary reduction of the Employer Provident Fund (EPF) minimum statutory contribution rate from employees from 11 to 7 percent; (iv) targeted cash transfers; and (v) infrastructure investment and maintenance spending. Additional measures—electricity discounts and temporary pay leave—amounting to RM 0.62 billion (less than 0.1 percent of GDP) were announced on March 16, 2020. Some of the investment spending already planned for 2020 is being frontloaded.
- A second stimulus package will be released on March 27, 2020. This package will reportedly include additional health spending and transfers to local governments to fight COVID-19. Furthermore, employees will be allowed special withdrawals from their EPF account for a 12-month period.

### MONETARY AND MACRO-FINANCIAL

- Bank Negara Malaysia (BNM) lowered the Overnight Policy Rate (OPR) by 25 basis points to 2.50 percent, citing market disruptions, greater risk aversion and financial market volatility, and tighter financial conditions due to COVID-19;
- BNM lowered the Statutory Reserve Requirement (SRR) Ratio by 100 basis points to 2 percent effective 20 March 2020 and allowed each Principal Dealer to recognize MGS and MGII of up to RM1 billion as part of the SRR compliance until March 2021. BNM expects these combined measures to release approximately RM30 billion worth of liquidity into the banking system. BNM also allocated RM3.3 billion (0.2 percent of GDP) to three financing facilities (available from March 6, 2020) in support of SMEs. Participating financial institutions will obtain a public guarantee;
- On March 23, 2020, the Securities Commission Malaysia (SC) and Bursa Malaysia suspended short-selling until April 30 to mitigate risks arising from heightened volatility and global uncertainties. The SC also waived annual licensing fees for capital market licensed entities.
- On March 25, 2020, BNM announced measures temporarily easing regulatory and supervisory compliance on banks to enable them to support loan deferment and restructuring

### EXCHANGE RATE AND BALANCE OF PAYMENTS

- No announced measures.

# 7. National Response (IMF Policy Tracker)

## SOUTH KOREA

### FISCAL

- Direct measures amount to 0.8 percent of GDP (approximately KRW 16 trillion, including a supplementary budget for KRW 11.7 trillion). Health care measures: prevention, testing, and treatment costs, and loans and support for medical institutions. Measures for households: transfers to quarantined households, employment retention support, consumption coupons for low-income households, and emergency family care support. Measures for firms: loans and guarantees for business operation, and support of wages and rent for small merchants. Measures for local communities: local gift certificates and local government grants for costs of responding. Revenue measures: consumption tax cut for auto purchases; tax cuts for landlords who reduce rent for commercial tenants; VAT reduction for the self-employed; and tax payment deferral covering a broad range of taxes for small businesses and the self-employed in medical, tourism, performance, hospitality, and other affected sectors.

### MONETARY AND MACRO-FINANCIAL

- The Bank of Korea (BOK) has taken several measures to ensure continued accommodative monetary conditions and facilitate financial system liquidity. These include i) lowering the Base Rate by 50 basis points, from 1.25 percent to 0.75 percent, effective March 17, 2020; ii) making unlimited amounts available through open market operations (OMOs); iii) expanding the list of eligible OMO participants to include select non-bank financial institutions; iv) expanding eligible OMO collateral to include bank bonds and certain bonds from public enterprises and agencies; and v) purchasing Korean Treasury Bonds (KRW 1.5 trillion). To augment available funding for SMEs, the BOK increased the ceiling of the Bank Intermediated Lending Support Facility by a total of KRW 5 trillion (about 0.26% of GDP) and lowered the interest rate to 0.25 percent (from 0.5-0.75 percent).
- On March 24, President Moon announced a financial stabilization plan of KRW 100 trillion (5.3 percent of GDP). The main elements are: i) expanded lending of both state-owned and commercial banks to SMEs, small merchants, mid-sized firms, and large companies (the latter on a case-by-case basis) including emergency lending, partial and full guarantees, and collateralization of loan obligations; ii) a bond market stabilization fund to purchase corporate bonds, commercial paper, and financial bonds; iii) financing by public financial institutions for corporate bond issuance through collateralized bond obligations and direct bond purchases; iv) short-term money market financing through stock finance loans, BOK repo purchases, and refinancing support by public financial institutions; and v) an equity market stabilization fund financed by financial holding companies, leading financial companies, and other relevant institutions.

### EXCHANGE RATE AND BALANCE OF PAYMENTS

### EXCHANGE RATE AND BALANCE OF PAYMENTS

- The BOK opened a bilateral swap line with the U.S. Federal Reserve for US\$60 billion. Other measures taken to facilitate funding in foreign exchange include: i) raising the cap on foreign exchange forward positions to 50 percent of capital for domestic banks (previously 40 percent) and 250 percent for foreign-owned banks (was 200 percent); ii) temporarily suspending the 0.1 percent tax on short-term non-deposit foreign exchange liabilities of financial institutions; and iii) temporarily reducing the minimum foreign exchange liquidity coverage ratio for banks to 70 percent (was 80 percent).

# 7. National Response (IMF Policy Tracker)

## VIETNAM

### FISCAL

- The government allocated 51 million USD for health spending from the central contingency budget. Announced measures include: (i) 30 trillion VND tax and land rental payment deferrals (for 5 months) to support affected entities; (ii) affected firms are allowed to defer their contribution (due Mar-Jun) to the pension fund with no interest penalty for late payment; (iii) tax exemptions for medical equipment; (iv) lower business registration fee effective from Feb. 25 (one-year exemption of business registration tax for newly established household business; first 3-year exemption of business registration tax for SMEs); and (v) streamline tax and custom audit and inspection at firms. The government is also considering increasing health spending by 50 percent of the central contingency budget (800 million USD); continued exemption of agricultural land use tax for households and farmers; corporate income tax relief for SMEs; and preferential tariffs on key items.

### MONETARY AND MACRO-FINANCIAL

- Effective Mar. 17, the State Bank of Vietnam (SBV) cut benchmark policy rates by 50-100 bps, the short-term deposit rates cap by 25-30 bps, and the short term lending rates cap for priority sectors by 50 bps; raised its remuneration rates on required VND reserves by 20 bps, and also raised interest rates by the same amount on Vietnam Deposit Insurance, Social Policy Bank, Vietnam Development Bank, People Credit Funds and micro-finance institutions' deposits at the SBV.
- The authorities announced a credit package totaling VND 250 trillion (about 3.3 percent of GDP) from the banking sector for affected firms and households. This is time-bound from Jan. 23 to 3 months after the Prime Minister's announcement of the ending of Covid-19 epidemic. As of Mar. 3, banks have supported more than 44,000 customers, with outstanding loans of about VND 222,000 billion, by either rescheduling repayment, exempting, and reducing interest on existing debts, exempting and reducing fees (including interbank transaction fees for small amounts, and credit information subscription fees). Several fees for securities services have been also reduced or made exempt between Mar. 19 to Aug. 31 to support the stock market.

### EXCHANGE RATE AND BALANCE OF PAYMENTS

- With depreciation pressures rising, the SBV announced on Mar. 23 that it would intervene in the currency market as needed to smooth excessive exchange rate volatility.



# 7. National Response:

## A Note on Universal Basic Income (UBI)

A customized version to fit the political economy of the economy & budget priority would be necessary for the future for jobs, economy and a stable society

- UBI is the idea of giving all citizen a basic income independent of income, wealth and employment status.
- UBI Goals:
  1. Countering possible **job losses** from automation, including at-risk occupations like truck drivers;
  2. Strengthening **social contracts** and trust in government by redistributing oil revenues a la Alaska; and
  3. Acting as a deliberate **poverty-reduction** instrument.
  4. Bridge the **gaps** in social protection systems
- UBI Challenges:
  - **Inflation** during crises shocking the supply side
  - **Delivery systems** should be robust and inclusive
  - Fitting within the **ecosystem** of existing schemes and ensure complementarity rather than undermining social protection floors

# 7. National Response: Some Old Good Proposals Should Remain

## Investments in Human Capital

Early childhood education,  
secondary and tertiary  
Health (UHC)  
Technical skills



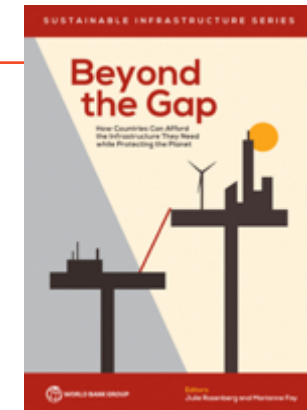
## Investments in Resilience

Social protection  
Climate and disaster resilience  
Risk identification and  
preparedness



## Investments in Infrastructure

The new DNA: Data, Networks  
and Artificial Intelligence  
Physical infrastructure  
Internet connectivity



Pre- crisis lessons  
- November 2019

The State of the  
Sustainable Development Goals  
in the Arab Region



Narrative Summit

Mahmoud Mohieldin  
Senior Vice President  
World Bank Group

# Some Good Proposals Should Remain

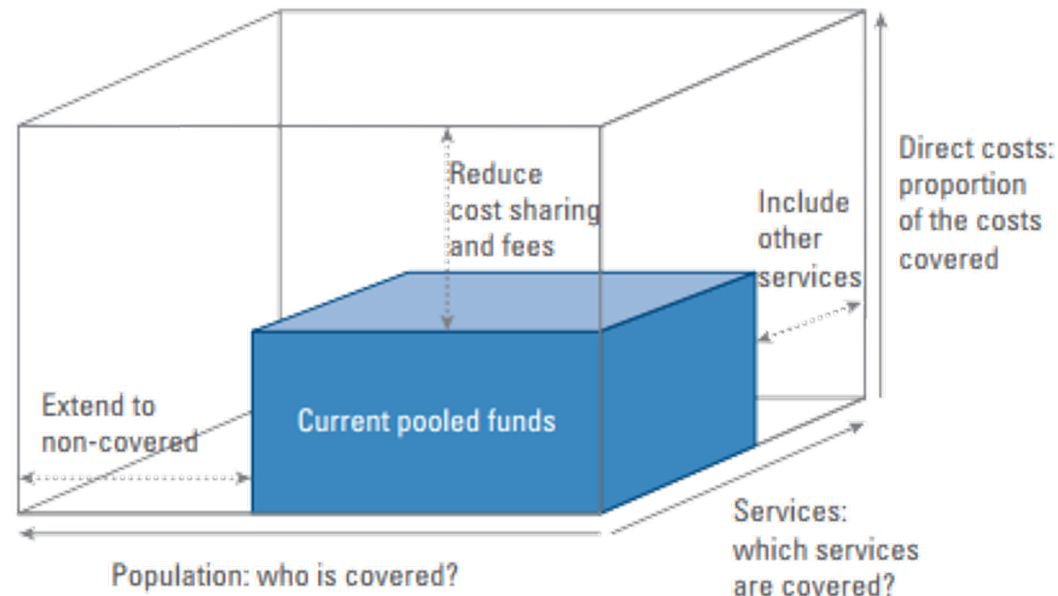
## Invest in people: Universal Health Coverage (UHC)

### The Two Goals of Universal Health Coverage

Service delivery: By 2030, everyone has access to essential health services

Financial risk protection: by 2030, no one is pushed into or kept in poverty by paying for health care

### Three Dimensions to Improving UHC



# Leveraging the Potential of Disruptive Changes Requires a Comprehensive Policy Framework

Effect of technology



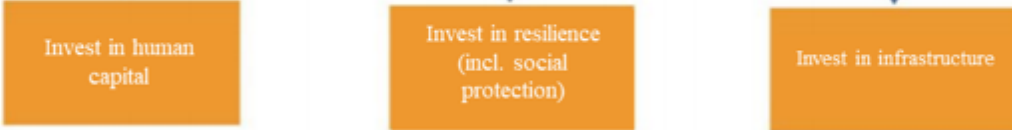
Coordinate well:

- Global
- Regional
- National
- Local

Dimensions

Policy

Public policy: manage the direction and effects of change



Enablers



Goal



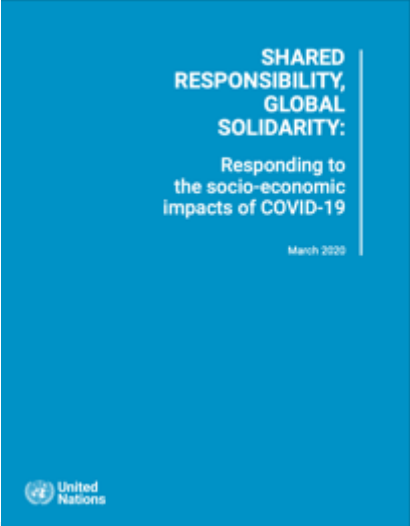
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## 8. Dynamics of the crisis and new world



This great global crisis has two current and future dynamics:

- Revealing the weakness and strength of systems
- Creativity (good and bad ideas)

# Annex

## CLOSURE OF NON-ESSENTIAL BUSINESSES

The District of Columbia closed all non-essential businesses beginning on March 25 at 10:00 p.m. through April 24.

### WHAT CAN STAY OPEN\*

- ✓ Automotive repair and automotive supply stores
- ✓ Banks and credit unions
- ✓ Bicycle sales and bicycle repair shops
- ✓ Childcare facilities
- ✓ Grocery stores, supermarkets, licensed farmers markets, liquor stores, convenience stores, and food retailers
- ✓ Hospitals, clinics, dentists, pharmacies
- ✓ Veterinarians and animal care services

### WHAT MUST CLOSE\*

- ✗ Door to door solicitations
- ✗ Gyms, health clubs, spas, and massage parlors
- ✗ Hair salons, barbers, tanning salons, tattoo parlors, and nail salons
- ✗ Retail clothing stores
- ✗ Theaters, auditoriums and nightclubs
- ✗ Tour guides and tour services
- ✗ Restaurants, cafes, coffee/tea shops, bars, and other food service locations **except** those offering delivery, grab-and-go and carryout

**\*For the full list of all non-essential businesses, visit [coronavirus.dc.gov](https://coronavirus.dc.gov).**

CORONAVIRUS.DC.GOV



DC HEALTH

GOVERNMENT OF THE  
DISTRICT OF COLUMBIA  
DC MURIEL BOWSER, MAYOR

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 **SUSTAINABLE DEVELOPMENT GOALS**

# Thank You



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