NATIONAL, MULTILATERAL AND REGIONAL DEVELOPMENT FINANCE INSTITUTIONS AND GOVERMENTS ACTIONS AND MEASURES AGAINST THE CRISIS - COVID 19

REPORT N°6

- **LATIN AMERICA**

Argentina

Government launches aid package, will pay wages for private-sector firms
Buenos Aires times, 21 April, 2020
State to pay half of this month's wages for all private companies up to 33,750-peso limit, irrespective of size of payroll. Move takes government assistance to 3% of GDP to date.

The government has announced a huge aid package for private companies struggling in the wake of the coronavirus pandemic and subsequent shutdown in economic activity.

Productive Development Minister Matías Kulfas and Labour Minister Claudio Moroni announced details of the emergency assistance on Monday at a press conference, saying the government would private-sector companies face the impact of the coronavirus epidemic. The move, according to reports, will lift state assistance since the pandemic began to some 850 billion pesos (almost three percent of Gross Domestic Product) overall.

This is a very strong signal we're seeking to give so that they can approach the crisis with better perspectives", said Kulfas, adding that "the main objective [of the package] is to save jobs and the national economy, reinforcing the productive fabric for after the pandemic."

He confirmed that half of this month's wages in all private-sector firms affected by the quarantine would be paid up to a ceiling of two minimum wages (33,750 pesos), irrespective of the size of the company's payroll, an outlay amounting to some 107 million pesos to be paid via ANSES social security administration funds. The floor of this assistance is to be one minimum wage and the ceiling two.

The package also extends to interest-free credits of up to 150,000 pesos for the self-employed, guaranteed by the Production Ministry and with a six-month grace period – the first assistance to the sector apart from those in the two lowest tax categories. Credit for companies and the self-employed totals 470 of the 850 billion, the government separately informed.

These announcements were made at a Casa Rosada press conference to supply details on an emergency decree already signed by President Alberto Fernández and published in the Official Gazette as an expansion of the government's Labour and Production Assistance Programme (Asistencia al Trabajo y la Producción, or ATP).

Kulfas revealed that the decree had been preceded by a debate within the Cabinet on the need "to expand and simplify the aid package."
https://www.batimes.com.ar/news/economy/government-launches-aid-package-will-pay-wages-for-private-sector-firms.phtml

- **MEXICO**

INTERVIEW-Mexico went for cash, $6 billion worth, before market gets crowded - Deputy Minister
Latin Finance, April 27, 2020
Jo Bruni

Watching with growing alarm over several weeks at the rapid capital flight from Latin America and dramatic turn down in the global economy because of the COVID-19 pandemic, Mexico rewrote much of its 2020 financial playbook and came to the market with a massive $6 billion cross-border debt sale to shore up the economy, the nation's deputy finance minister told LatinFinance.

Mexico's decision was a tactical move made in response to a "dislocated" internal market and an eye on securing more liquidity to fight the pandemic before other countries sought to do the same, Gabriel Yorio said in a telephone interview following the sale. The risk for waiting too long was the possibility of too much issuance hitting a market just stirring back to life after weeks of inactivity, and overwhelming appetite for new debt.

Unprecedented capital outflows, a 6.6% economic contraction predicted for this year by the International Monetary Fund, and a currency devaluation of more than 20% have been some of the effects of COVID-19 on Mexico. However, Mexico's financial hedging program insulates it somewhat against the collapse of oil prices that have robbed many countries of their main source of income. Still, shoring up the state-run oil company Pemex has diverted resources away from the pandemic fight.

The Mexican peso has lost 24.1% in value against the US dollar Y-T-D.

Mexico had already issued about $5 billion worth of cross-border bonds in January, and the country was planning to issue the rest of its 2020 authorized debt in the local market. But the volatility that followed investor flight to safety after the COVID-19 outbreak, forced the country to change strategies.

“When the volatility started, nobody was buying in the local market. Our market makers could not absorb our placements because their clients would not take them,” Yorio said.

So, the ministry of finance decided to “rebalance” the mix of local and international borrowing in its debt plan, and to go to the international market to get the resources the country needed to cover health and COVID-19 prevention measures, Yorio said.

The ministry had been looking for the opportunity to come to market as soon as possible.

“We wanted to come early to market because we knew that other issuers would be coming to market to fund their own stimulus packages, and this was going to increase demand for liquidity in the market,” he said. “But we had to wait for the markets to reopen.”

Though the issuance is one of the largest in the country’s history, it is still within what the government authorized for debt issuance in the 2020 budget.
“We are working under a ‘shallow v’ COVID-19 scenario,” said Yorio, “reassigning budget items with austerity adjustments, cutting trips and public servant salaries to fund protections for the self-employed and microentrepreneurs,” he said.

Yorio said the ministry was monitoring the impact of COVID-19 with high frequency data to gauge how deep it would be, adding that if the impact were to be a “deep v” or a “u” shape to economic activity, the ministry would implement a larger stimulus package and issue more debt.

“We have credit lines that give us a lot of cushion that we still have not used,” he said, explaining that the ministry’s next sources of funding would be a $61 billion flexible credit line that Mexico has with the IMF and a $2 billion credit line from the combined resources of the World Bank and the Inter-American Development Bank (IDB).

"Tapping them will require congressional approval for more debt," he said.

In Wednesday's risk averse environment, the $6 billion dollar sale was more expensive than the January issuances, Yorio said. "Our issuance concession started at 100 basis points when in normal times it starts at 30 or 40 basis points" he said. "But we managed to bring it down to 35 basis points. Plus, demand was high, reaching $28 billion."

Yorio added that fixed interest rates on all the foreign debt and on 78% of the local debt, and the average 18-year maturity of the foreign debt, assured a solid debt portfolio and an "adequate risk profile." The oil price hedging program was also securing the treasury with 80% to 85% of estimated income from oil in 2020, he said.

Mexico still plans to issue the sustainable development goal (SDG) bonds that had been on a roadshow in late February but whose coming to market was halted by the COVID-19 outbreak. "We would like to. The problem is that the Euro market is still closed,".

On April 22, Mexico sold $1 billion in new five-year notes, $2.5 billion in 22-year notes and $2.5 billion in 31-year year notes, with record-high demand for the longer notes.

It sold the debt at a discount across all three tranches, according a source familiar with the details of the transaction. The five-year notes sold at a spot price of 98.993 with a coupon of 3.9% and a yield of 4.125%, or 376 basis points over US Treasury notes, while the 12-year bonds priced at 97.764 with a coupon of 4.75% and a yield of 5%, or 438 basis points over Treasuries.

The 30-year paper priced at 92.6 with a coupon of 5% and a yield of 5.5%.

The bookrunners were Citi, Goldman Sachs, JPMorgan and Santander.

The bond deal came the same day that President Andrés Manuel López Obrador announced that the government will spend an additional MXN623 billion ($25.4 billion) to create 2 million jobs and to provide support 70% of Mexican families during the pandemic.

The IMF/World Bank World Economic Outlook forecast earlier this month sees Mexico's GDP rebounding to 3% in 2021. The Latin America and the Caribbean region's economy is expected to contract 5.2% this year before recovering with growth of 3.4% next year.
https://www.latinfinance.com/daily-briefs/2020/4/27/interview-mexico-went-for-cash-6-billion-worth-before-market-gets-crowded-deputy-minister

- **PARAGUAY**

Paraguay comes to bond market for coronavirus funding
Latin Finance, April 24, 2020
Jo Bruni, Charles Newbery
Paraguay raised funds for the fight against the coronavirus on Thursday, selling $1 billion worth of bonds in a deal that was more than seven times oversubscribed, sources told LatinFinance.

The federal government will use the money "to address the issue of the pandemic and all the measures the state has taken to mitigate the economic impact," said Humberto Colmán, undersecretary of the economy at the Finance Ministry.

The ministry said in a statement that it placed the new 10-year notes at par to yield 4.95% and scheduled the principal payments for the last three years of maturity.

According to a source involved in the deal, Paraguay started with the initial price talk in the mid-5% area. It set guidance at 5%, plus or minus five basis points, and then launched the deal to yield 4.95%, the source said. The bookrunners were Citi, Itaú BBA, Goldman Sachs and Santander.

The Finance Ministry said market conditions had increased financing costs for all countries, but it claimed the rise was less severe for Paraguay, "which reflects a better valuation by investors."

The government is allowed to borrow up to an addition $1.6 billion this year as part of a COVID-19 emergency funding law that Congress passed in March. Paraguay's balanced budget laws had capped the fiscal deficit at 1.5% of GDP, but Fitch Ratings estimated that the emergency spending plan was worth close to 4% of GDP.

As a result, Paraguay's fiscal deficit will likely rise to 5.9% of GDP before it falls to 4.5% in 2021, according to Fitch.

According to the UN Economic Commission for Latin America and the Caribbean, known as CEPAL, Paraguay had one of the lowest debt-to-GDP ratios in the region at the end of last year. But, given the importance of agricultural exports, Paraguay has been severely affected by the economic downturn in China, CEPAL said in a report on Tuesday.

Paraguay previously came to the bond market in January this year, when it tapped its 5.4% 2050 notes for $450 million at 4.45%. Before Thursday's deal, Paraguay had $4.5 billion outstanding in dollar-denominated bonds, according to data provider Refinitiv.
https://www.latinfinance.com/daily-briefs/2020/4/24/paraguay-comes-to-bond-market-for-coronavirus-funding

- **CARIBBEAN REGION**

Caribbean RoundUp
Caribbean Life, April 22, 2020
ANTIGUA
Antigua and Barbuda is seeking forgiveness of more than US$100 million owed to the Paris Club, an informal group of creditor nations whose objective is to find workable solutions to payment problems faced by debtor nations.

The Paris Club has 19 permanent members, including most of the western European and Scandinavian countries, the United States, the United Kingdom and Japan.

Prime Minister Gaston Browne told the weekly cabinet meeting last week that the coronavirus (COVID-19) will have a serious impact on the socio-economic future of the region, especially among tourist dependent crisis.

A statement issued after the cabinet meeting, noted that Browne had informed that Antigua and Barbuda is continuing to seek forgiveness of debt and that “the Paris Club is owed about US$150,000 and this is the opportune time for the country to press for forgiveness.”

BARBADOS

Caribbean Community (CARICOM) leaders met last week in Barbados to consider proposals for a common public health policy and a common border policy as they seek ways to limit the spread of the coronavirus (COVID-19).

Barbados Prime Minister and Chairman of CARICOM, Mia Mottley gave no in-depth details of the meeting, which was held virtually and came after regional governments have implemented several initiatives, including lockdown of their borders, curfews and social distancing.
In a Facebook message, Mottley said, “we discussed the regional response to COVID-19. We receive an update from CARPHA (Trinidad-based Caribbean Public Health Agency).

an economic analysis on the impact of COVID-19 on regional economies from the CDB (Barbados-based Caribbean Development Bank) and we considered proposals for a common policy and a common border policy.”

CARIBBEAN

The European Union (EU) is providing a grant of eight million euros to help the Caribbean fight the coronavirus outbreak.

In a statement the EU said the funds will be used to purchase COVID-19 test kits, masks and other personal protective equipment, testing reagents, and other material required for coronavirus testing.

It will increase the capacity of regional countries to carry out laboratory testing for COVID-19, support coronavirus quarantine and isolation procedures, as well as contract tracing.

The EU added that its assistance will also support laboratory testing and epidemiology training, strengthen surveillance at ports of entry and support and promote the use of COVID-19 guidelines and protocols among health professionals.

The grant will be implemented by the Caribbean Public Health Agency (CARPHA) and is expected to improve the detection, surveillance, prevention, control and response to the COVID-19 pandemic.

In addition, it will finance treatment and vaccines when they become available and allow CARPHA to hire three additional laboratory technologists to deal with the anticipated surge in demand for testing of new and existing equipment.

GUYANA

Guyana is expected to see an overall economic growth of 5.1% for this year, with further projections for the next two years.

The World Bank, in its recent semi-annual report of the Latin America and Caribbean region, titled “The Economy in the Time of COVID-19,” said the South American country will in 2021 and 2022, see and 8.7% and 2.6% GDP (gross domestic product) growth, respectively.

The report stated Guyana's economy had expanded by some 4.7% in 2019, with anticipated oil revenues spurring expansion in non-traded sectors.

It said oil production is projected to boost the country's GDP growth to an unprecedented level this year.

It said oil production is projected to boost the country's GDP growth to an unprecedented level this year.

The report said, however, while this could transform Guyana, there are risks as illustrated by a "still incomplete election outcome and compounded by falling oil prices and the COVID-19 epidemic."

GRENADA

Grenada's Prime Minister, Dr. Keith Mitchell has got a commitment from the Grenada's Bankers Association (GBA) to reopen banks to provide limited services to the public during the state of emergency.

It is reported that the prime minister initiated the meeting with executive members of the association to discuss the resumption of banking hours.

The discussions ended with an agreement that banks will open on Thursday and Friday of the week, from 9 am to 1 pm.

At the end of the meeting, the prime minister commended the banking sector representatives for recognizing the need to provide this much needed service.

The procedure to give effect to this service requires the Cabinet to advise the acting police commissioner of the need to grant and exemption to the bankers to operate as provided for in Section 5 (1) of the Emergency Powers (COVID-19) regulations.

The Bankers Association has given the assurance that senior citizens and special needs persons, including pregnant women, will be given preferential treatment throughout the opening hours on Thursday and Friday.

TRINIDAD

Venezuela-based Development Bank of Latin America, also known as CAF, has approved US$50 million to Trinidad and Tobago to mitigate the COVID-19 health crisis in the country.

In a statement last week, CAF said the US$50 million in loan aims to strengthen T&T's capacity to respond to and prevent the crisis caused by COVID-19, through direct financial resources and the recognition of expenses and investments aimed at reducing risk or mitigating the impact of the pandemic in the health of the population.
In addition to the loan, CAF said, it made a US$400,000 donation to T&T on April 3 to bolster its fight against the spread of the coronavirus.

CAF said the monies approved so far will be complemented by further anti-cyclical support to mitigate the effects of the pandemic on economic activity. Anti-cyclical policy refers to strategy by governments to increase spending during economic downturns and decrease spending during booms.

On March 3, CAF announced that it had approved a US$200 million loan to T&T to support the management, planning and investment of the country's tourism infrastructure through better institutional.
Those funds are to be managed by the Ministry of Finance and will support different initiatives such the upgrade of the National Tourism Policy, the strategic plan for Trinidad and Tobago Airports Authority and the development of a National Maritime Policy and Strategy.
https://www.caribbeanlifenews.com/caribbean-roundup-370/

- **BRAZIL**

  BNDES

Brazil state bank to finalize aid for auto, airline, energy industries in May
ETEnergyworld.com-19 abr. 2020
Montezano added that BNDES has an "appetite" to buy equity stakes in Brazilian companies to help them weather the coronavirus crisis, but that those stakes must be temporary

SAO PAULO: Brazil's state-controlled development bank BNDES expects to finalize aid packages for companies in the auto, airlines, restaurant and energy sectors in May, its president Gustavo Montezano said in a live broadcast on social media on Sunday.

Montezano added that BNDES has an "appetite" to buy equity stakes in Brazilian companies to help them weather the coronavirus crisis, but that those stakes must be temporary.
https://energy.economictimes.indiatimes.com/news/oil-and-gas/brazil-state-bank-to-finalize-aid-for-auto-airline-energy-industries-in-may/75242058

Tourism and health must enter aid package
Explica, April 22, 2020
Tourism and health should be included in the relief package being sewn by the National Bank for Economic and Social Development (BNDES) and private banks to sectors

affected by the crisis caused by the new coronavirus in Brazil, the Estadão / Broadcast with four sources close to the negotiations.

In addition to defining subsegments that will be served in the working groups already formed, in order to encompass other affected sectors, another expectation is that a definition regarding the format of aid to energy companies, the most advanced so far, will occur during this week.

The list that included four sectors seen as priorities – energy, aerial, automotive and non-food retail -, now it counts on tourism and health, which will have their own working groups. With that, the aid package calculated until then at R$50 billion will be expanded. Some of the new segments will also be included in activities previously selected in order to make the process simpler, explains a source. The textile chain, as well as bars and restaurants, for example, should be allocated to the non-food retail sector, coordinated by BNDES alongside Santander. "In these segments there is no consolidator. It is very dispersed beyond the large companies. It is studied how they can be included in the package", says a source who accompanies the negotiations.

Expansion of segments
Tourism, which includes hotels, saw the demand disappear with the measure of social isolation necessary to contain the spread of the virus. Itaú Unibanco, which already coordinates the relief group for the automotive sector, will have tourism.

The health segment, on the other hand, should stay with Banco do Brasil. Several players in the sector, such as hospitals and laboratories, have been suffering heavily from loss of revenues despite the increased demand for services due to the coronavirus. One reason is that elective surgeries, where most of the prescriptions come from, have been suspended.

BNDES president Gustavo Montezzano said over the weekend that aid to sectors affected by the crisis should cover up to ten segments. He did not reveal what activities were in sight and explained, during live on Sunday, that the criteria for entering the relief package include economic relevance and the size of the damage caused by covid-19.

For now, the most advanced aid is to the energy sector. A meeting to define details and the loan amount took place yesterday. The expectation of those involved is that the hammer regarding the format will be beaten this week, with the value being close to R $ 16 billion.

The union that leads the bailout is formed by BNDES, Banco do Brasil and private banks Itaú, Bradesco, Santander, Safra and Citibank.

In the aviation sector, Bradesco leads the group, with the development bank. Here, help must also come from large financial institutions and Safra and Citi are still expected, according to sources heard on condition of anonymity. Each of the three industry giants, Gol, Latam and Blue, should receive between R$2.5 billion and R$3.5 billion.
https://www.explica.co/tourism-and-health-must-enter-aid-package/

Government does not expect to sell BNDESpar's stake in the coming months
Explica April 22, 2020
The special secretary of Privatization, Divestment and Markets of the Ministry of Economy, Salim Mattar, evaluated this Wednesday, 22, that the current moment of the Stock Exchange is not opportune for the National Bank of Economic and Social Development (BNDES) to sell their holdings in companies listed on B3. "We don't know how long we will have to wait. It could be three, four years. If the recovery is in 'V', it will be fast, but if the recovery is in 'U', it can take years. In our model, there is no forecast sales of BNDESpar's shares in the coming months ", he added.

For Salim, the current crisis and the commitment of resources by the State with measures to protect the economy may be an opportunity to expand the list of state-owned companies that may be privatized in the future.

"We will have to reflect on even companies that until then would not be privatized," added Mattar, referring to the group of nine state-owned companies that are today outside the privatization plans.

The group includes Petrobras, Caixa Econômica Federal, Banco do Brasil, Banco da Amazônia, Banco do Nordeste, BNDES, CPRM, Emgrepron and Indústria Nucleares do Brasil (INB).

“The covid-19 crisis caught the whole world unprepared. We do not know the magnitude and the time needed for recovery. We have some uncertainties,” admitted Mattar. “This pandemic will end at some point, in 60 or 90 days, and we will have to continue our normal lives in the country’s economy as well,” he added.

“We will have to reflect on even companies that until then would not be privatized,” added Mattar, referring to the group of nine state-owned companies that are today outside the privatization plans.

The group includes Petrobras, Caixa Econômica Federal, Banco do Brasil, Banco da Amazônia, Banco do Nordeste, BNDES, CPRM, Emgrepron and Indústria Nucleares do Brasil (INB).

“The covid-19 crisis caught the whole world unprepared. We do not know the magnitude and the time needed for recovery. We have some uncertainties,” admitted Mattar. “This pandemic will end at some point, in 60 or 90 days, and we will have to continue our normal lives in the country’s economy as well,” he added.

IHCD

The Special Secretary for Privatization, Divestment and Markets of the Ministry of Economy also stated that BNDES will insure the advance payments of Hybrid Capital and Debt Instruments (IHCD) to the National Treasury this year, due to the need for capital from the development bank to operate measures to deal with the new coronavirus pandemic.

Salim reinforced that the government expects approval this year of the project that allows the Union to leave the control of Eletrobras. “But we are going to assess market conditions for the privatization of Eletrobras in the second quarter of 2021,” he said. Before the pandemic, the economic team’s schedule predicted that Eletrobras would be out of control in October 2020.
https://www.explica.co/government-does-not-expect-to-sell-bndespars-stake-in-the-coming-months/

Brazil Government and institution measures in response to COVID-19.
Kpmg, 21 April, 2020
General Information

The Minister of Economy, Paulo Guedes, announced in March 26th that the economic stimulus package, closed by the Ministry of Economy, Public Banks and the Central Bank will be US$150 billion (R$750 billion), to face the economic impacts of COVID-19 in Brazil.

The volume of funds includes the following measures: a) loosening of the fiscal target above the previously forecasted deficit of US$24.8 billion; b) support for the most vulnerable population, with anticipation of the 13th salary (US$9.2 billion) and salary allowance (US$2.5 billion), transfer of PIS / PASEP to FGTS (US$4.3 billion) and reinforcement of Bolsa Familia (US$620 million); c) relaxation of labor laws to maintain jobs; d) aid for informal and self-employed workers (US$8 billion); e) extension of payment of taxes, FGTS and contributions reduction (US$6 billion); f) financial support to states (US$17.5 billion); g) financial support to the airline industry; h) expansion of

liquidity in the markets, with the release of US$40 billion in compulsory deposits; i) support from BNDES and public banks (BNDES: US$11 billion + Caixa: US$15 billion + Banco do Brazil: US$25 billion); j) support for small and medium-size companies (US$8 billion); k) postponement of readjustment of pharmaceuticals products.
https://home.kpmg/xx/en/home/insights/2020/04/brazil-government-and-institution-measures-in-response-to-covid.html

- **Caixa Econômica Federal**

Caixa, Sebrae open credit line for small businesses
Latin Finance, April 21, 2020
Brazilian savings banks and small business association make $1.4 bln available

State-owned savings bank Caixa Econômica Federal and the small business association Sebrae announced on Monday a new credit line for small businesses in Brazil.

The credit line, part of the federal government's measure to reduce the economic impact from the coronavirus outbreak, could provide up to BRL7.5 billion ($1.41 billion) in loans for small and medium-sized businesses in Brazil, Caixa and Sebrae said in a press release.

Sebrae will manage the funds through its small business support fund, called Fampe, including BRL500 million in loan guarantees.

Self-employed individuals can get two-years for up to BRL12,500 at a rate of 1.59% per year, while micro businesses can get 2.5-year loans for BRL75,000 at 1.39% and small businesses can get three-year loans for BRL125,000 at 1.19%, according to the press release.

Caixa said in a separate statement that it has granted BRL11.4 billion in emergency loans since April 9, when the federal government set up a program to get funds to informal workers, self-employed individuals, freelancers and the unemployed during the coronavirus pandemic.
https://www.latinfinance.com/daily-briefs/2020/4/21/caixa-sebrae-open-credit-line-for-small-businesses

Brazil launches blockchain platform to facilitate foreign bank entry
Latin lawyer,April 24, 2020
Emilio Demetriou-Jones
Brazil’s central bank has launched a data-sharing blockchain platform, in a move that has been touted to facilitate foreign banks setting up shop in the country.
The Central Bank of Brazil (BCB) launched the platform, dubbed PIER, on 11 April. It will operate on JP Morgan’s Quorum blockchain.

BCB began developing PIER three years ago at a cost of 1.3 million reais (US$250,000). Its launch comes as the BCB announced on 21 April that it expects the Brazilian economy to shrink by 3% this year.

PIER is intended to speed up information sharing between the BCB, securities commission (CVM) and Brazil’s insurance authority, which all previously communicated through written letters.

The platform grants regulators access to their sister agencies’ real-time records on information

The platform grants regulators access to their sister agencies' real-time records on information including company sanctions, financial performance and business associates. The BCB said that by pulling data from the source it would increase reliability.

CVM's president Marcelo Barbosa said the system will "promote gains to the market, and provide more efficient, safe and adequate supervision and enforcement in the new technological era we are living in."

PIER will also speed up banking licence applications for both regulators and the entities themselves, according to Alexei Bonamin, a partner at Brazilian firm TozziniFreire Advogados, which last year advised the Agricultural Bank of China on extending its licence for a local representative office – the last step before acquiring a full banking licence.

"It will not only reduce the time it takes for the regulator review applications due to existing information held on the blockchain, but also reduce the financial entity's overall costs. This way they can establish operations and launch new products and services," he told Latin Lawyer's sister publication Global Banking Regulation Review.

BCB's deputy head of financial systems Daniel Bichuette said the platform will "drastically reduce" the time required to evaluate the financial background of an entity.

Bonamin says that if a foreign bank previously wanted to obtain a full licence in Brazil the resulting paperwork would take one or two years to complete. He also says that extensive guidelines provided on the platform will increase the likelihood each application is submitted correctly.

"It is difficult to estimate the reduction of this time with this new technology but it will certainly decrease it dramatically," he told Global Banking Regulation Review.

The blockchain is also expected to speed up new board appointments following bank mergers. Larissa Arruy, a partner at Mattos Filho, Veiga Filho, Marrey Jr e Quiroga Advogados, says it is common that new shareholders want to appoint their own executive officers, which can take up to three months for the BCB to approve.

"We expect this to speed up the transition period, which has historically been a very uncertain time for all involved and can impact the operation of the bank in question," she says.

Brazil eased requirements for foreign investments in its banking sector last September by scrapping the need for presidential authorisation on each occasion.

In a decree scrapping this rule, President Jair Bolsonaro made the BCB solely responsible for approving branches of foreign banks in Brazil and the increasing of foreign equity participation in Brazilian financial institutions.

Bonamin says the willingness from regulators to ensure Brazil keeps pace with technology is also contributing to a boom in fintech progression in the country. Before his departure in 2019, former BCB head Ilan Goldfajn oversaw a relaxation of compliance regulations and capital requirements, in what he said would ferment innovation in the banking sector.

"The regulators have essentially given banks and other entities a clear mandate for innovation. They have a proactive and top-down attitude towards fintech and new technologies, which is revolutionising the Brazilian banking ecosystem as we know it," Bonamin says.

Brazilian fintech companies are thought to have raised over US$18 billion in funding in 2019, with regulators approving 13 new fintechs in the last quarter.
https://latinlawyer.com/article/1226079/brazil-launches-blockchain-platform-to-facilitate-foreign-bank-entry

Government studies expanding guarantees to stimulate loans to medium-sized companies to R $ 15 billion
Explica, April 23, 2020
BRASÍLIA – To stimulate the granting of credit and to face the coronavirus pandemic, the government is studying to expand the resources of guarantee funds, among them the Investment Guarantee Fund (FGI). In a meeting with industry representatives this Thursday, the Minister of Economy, Paulo Guedes, said that the fund's resources could be increased to around R$15 billion, according to what Estadão / Broadcast found out.

This type of fund is used as collateral by a borrower with the bank. This reduces the risk of the transaction, since if the borrower fails to pay, the fund covers part or all of the payment due. In the case of FGI, management is carried out by the National Bank for Economic and Social Development (BNDES).

The fund currently has about R$1.2 billion and is used as collateral in loans mainly for investments. But it could receive new contributions from the National Treasury and finance other credit lines under study by the government, such as loans for medium-sized companies, with revenues between R$10 million and R$360 million.

Guedes spoke on Thursday, 23, for about an hour with representatives from various sectors of the industry, by videoconference. According to participants, the central theme of the meeting was the lack of credit. The minister agreed that, despite measures taken by the government and the Central Bank, such as reducing the compulsory deposit (resources that banks need to leave at the BC), the money is not reaching the end.

The assessment of businessmen and the government is that financial institutions are holding the money for fear of default by borrowers in the face of the economic impacts of the coronavirus pandemic.

At the meeting, Guedes asked the team for further actions to end the "pooling" of money in banks. According to participants, he stressed the need to expand mechanisms that guarantee that the funds are, in fact, lent, and said that one of those being studied is the expansion of deposits in guarantee funds.

The idea is that, by increasing the guarantee, the government assumes the risks of financing and, without fear of default, banks will start to lend more.

The expansion of the FGI pleased businesspeople, who had been asking for it even before the coronavirus pandemic.

At the meeting, industrialists exposed the difficulties of different sectors. Representatives of the pharmaceutical industry complained about the freezing of the drug readjustment. The transformation industry has shown the fear that, with Brazilian factories stopped and China resumed, Chinese products will gain even more participation in the Brazilian market.

The businessmen also said that, although positive, the postponement in the payment of taxes without credit will not be enough because, in two or three months, companies will have to pay these and new taxes.
https://www.explica.co/government-studies-expanding-guarantees-to-stimulate-loans-to-medium-sized-companies-to-r-15-billion/

Brazil's monetary council allows banks to finance peers backed by deposit fund
Reuters, April 23, 2020
SAO PAULO/BRASILIA, April 23 (Reuters) - Brazil's monetary policy council decided on Thursday to allow banks to buy special certificates of deposit issued by other lenders, with each buyer protected from up to 400 million reais ($72.29 million) in potential losses on the securities by the country's deposit insurance fund.

The move was the latest by the Brazilian central bank aimed at improving smaller banks' liquidity during the crisis caused by the coronavirus pandemic.

Earlier this month, the deposit insurance fund doubled its backing for the CDs, normally acquired by institutional investors, to 40 million reais. Despite the added guarantee against losses, investors' appetite has been weak.

Brazil's privately funded deposit insurance fund, called FGC, ended October 2019 with nearly 80 billion reais in assets. Among its largest contributors are lenders such as Banco do Brasil SA, Itau Unibanco Holding SA, Banco Bradesco SA and Banco Santander Brasil. Brazilian banks have issued roughly 1 billion reais in the special CDs this month.
https://www.reuters.com/article/health-coronavirus-brazil-banks/brazils-monetary-council-allows-banks-to-finance-peers-backed-by-deposit-fund-idUSL2N2CB2N2

- **IDFC MEMBERS**

Individual Information & Recent Commitments by IDFC members in response to Covid-19
As of 22 April 2020

Agence Française de Développement (France)
Agence Française de Développement (AFD- French Development Agency) announces the launch of "COVID-19 – Health in Common" – a € 1.2 billion initiatives in response to the worldwide public health crisis caused by the COVID-19 pandemic. This initiative aims at both strengthening health systems in the short term, notably in Africa, and supporting sustainable and inclusive economic and financial recovery and transition in the longer term.

As part of its commitment to the "COVID-19 – Health in Common" initiative, AFD has announced that it will provide financial support for six new projects worth a total of €12 million. This support, which will initially focus on sub-Saharan Africa and countries in the Indian Ocean, responds to the urgent need for research, monitoring, testing, formulating effective health policies, and patient treatment. These different steps are vital for combating the spread of COVID-19 in Africa.

BancoEstado (Chile)
The Ministry of Finance announced an increase in the capital of BancoEstado of US$500 million to finance new working capital and alternatives for refinancing or postponing quotas for current debt for SME; for large companies, special financing for new working

capital; and lastly for individuals, refinance of consumer loans, housing and credit cards and postpone current loan installments. Read more.

Bancoldex (Colombia)
Bancóldex first launched a Special line of credit "Colombia Responde" for COP $250,000 million (US$62 million) destined to sectors immediately impacted (public shows, tourism and aviation – and their respective supply chains). Seeking to further provide liquidity tools that help companies endure and preserve employment, designed an additional preferential credit solution "Colombia responde para todos" for COP $350,000 million (US$ 87 million) destined to all sectors (except agricultural and companies benefiting from the first line of credit). In addition, joining efforts with other national institution, anticipating the negative effects of COVID-19 on the activities of early stage companies, Bancóldex designed a preferential credit line for these entrepreneurs. Bancóldex is joining efforts with several local authorities to launch specific credit lines, Bogotá, Cucuta and Norte de Santander have been already benefited. Read more.

BICE (Argentina)
BICE launched a working capital loan for AR$1 billion (US$ 15 million). These loans are available for micro, small and medium-sized enterprises to finance short-term needs. Through its subsidiary BICE Fideicomisos trust, BICE is also in charge of managing an AR$ 30 billion (US$465 million) guarantee fund established by the government's Productive Development Ministry in order to support the Central Bank's overall lending policy. Read more.

BNDES (Brazil)
BNDES foresees initial injection of BRL55 billion (US$10.6 billion) in the economy, to make viable the activities of companies of all sectors. These initiatives will help companies face cash flow difficulties and maintain more than 2 million jobs. In addition, together with Brazilian Treasury, BNDES will make available BRL40 billion (US$7.8 billion) to cover payroll expenses by small and medium-sized companies. The amount foreseen so far is almost the full year disbursements in 2019. Read more.

BOAD (West African Development Bank)
Regarding the support given to member states in the fight against COVID-19, BOAD has granted its member states XOF 120 billion in concessional loans (15 billion per State) to be disbursed immediately. The said loans are thereby softened through the interest subsidy mechanism replenished by BCEAO and the WAEMU Commission for XOF25 billion and XOF15 billion, respectively. In addition, BOAD has frozen debt repayment of about XOF76.6 billion (US$128 million) owed by member states for the remainder of the year, as a supporting effort in responding to the pandemic impact. Read more.

CABEI (Central American Bank for Economic Integration)
CABEI launched the Emergency Support and Preparedness Program for COVID-19 and economic reactivation of US$1.96 billion. The program aims to provide fast disbursing financial resources to its member countries to finance operations for the prevention, detection and treatment of COVID-19 and mitigation of its economic impact in the countries. Read more.

CAF (Development Bank of Latin America)
CAF makes available an Emergency Credit Line of rapid disbursement of up to US$2.5 billion, which will allow authorities to offer a rapid and timely response to mitigate the effects of COVID-19's expansion, and contribute to the continuity of business operations and the recovery of economic growth. CAF also announces a contingent credit line of up

to US$50 million per country that has been made available to shareholders to provide direct attention of public health systems. The authorities also have at their disposal non-reimbursable technical cooperation resources of up to US$400 thousand per country for initiatives related to this global situation. Read more.

CDB (China)
The significant actions taken by the CDB to fight the Covid-19 pandemic are shared and regularly updated on the institution official website.

COFIDE (Peru)
COFIDE has set in motion a full range of products designed to respond to the current situation. COFIDE trust manages a special loan guarantee program for SMEs: "Fondo de Apoyo Empresarial" or FAE-MYPE amounting US$90 million to help entrepreneurs under financial stress during the COVID-19 pandemic. In addition, "Fondo Crecer" a loan guarantee program, managed by COFIDE to increase the percentage of the guaranteed credit and relax the requisites for the financial institutions that deliver these loans. COFIDE is also supporting "Reactiva Peru", which is the biggest national loan guarantee program ever applied: US$9,000 million to offer working capital loans to entrepreneurs' and manages the Fund for Innovative Enterprises Initiative of an initial public endowment of US$20 million to invest in venture capital funds ultimately supporting startups. Read more.

CDP (Cassa depositi e prestiti – Italy)
CDP makes available funding of up to € 3 billion available to Italian banks for granting new loans to SMEs and Midcap companies through on-lending platform "Piattaforma Imprese", with new pricing levels via the platform. In addition CDP provides up to 80% guarantee on new bank loans (up to €10 billion) to Italian companies with turnover of more than €50 million. Additional measures are: (i) a new 18-months liquidity line of up to 2 €/bn directly provided to medium and large companies, and (ii) a 1 €/bn loan in favour of the Italian bank UniCredit, to provide new loans to Italian SMEs and Mid-Caps. Flexibility of payment of the installments of the mortgages by local authorities and regions are also allowed. Lastly, CDP launched a €1 billion 'COVID-19 Social Response Bond' which will be used to finance either loans, project finance, equity investments or other tools in the following Eligible Categories: education, SMEs financing, social housing, energy and environmental sustainability. Read more.

HBOR (Croatia)
HBOR has put in place a series of measures including moratorium and rescheduling of existing loan obligations, working capital loans, and portfolio insurance policies, in cooperation with local commercial banks, for maintaining the level of economic activity, liquidity of economic operators and preserving jobs. Read more.

ICD (Islamic Corporation for the Development of the Private Sector)
ICD will provide US$250 million of emergency funding mainly in the form of medium to long-term financing instruments to help existing and new clients in the financial, agri-food, energy and other affected sectors. ICD will also be aiding the private healthcare industry of affected member countries to meet surging need for services, equipment and medicines. Further, ICD will work closely with 100+ local and regional financial institutions in its network to provide necessary support so they can continue to finance SMEs in affected sectors within the markets they operate. Read more.

KfW Bankengruppe (Germany)
The German Government announced in mid-March and early April major liquidity and investment support measures that are implemented by KfW together with commercial banks. The KfW Special Programme loans are available to small and medium-sized enterprises as well as large companies and include lower interest rates, simplified risk assessment procedures and a high liability waiver by KfW. Read more.

PT SMI (Indonesia)
As a Special Mission Vehicle (SMV) under the Ministry of Finance (MoF) of Indonesia focusing on infrastructure financing, PT SMI is extending its Corporate Social Responsibility (CSR) measures amounting to IDR 2.1 billion or equivalent to US$134,000 to respond to the challenges brought about by the COVID-19 Pandemic. Read more.

TDB (Eastern and Southern African Trade and Development Bank)
TDB is embarking on special initiatives to help ensure continued access to finance for trade and development financing, with priority for medical supplies and other essential commodities in the new trade and development financing and guarantees of up to USD 2 billion expected in 2020. The Bank is also committing to mitigate the COVID-19 impact by providing targeted support to Member States with a focus on specific emergency medical supplies as part of a wider corporate social responsibility programme in collaboration with their partners. Read more.

TSKB (Turkey)
In fight against COVID-19 pandemic, the Central Bank of Republic of Turkey (CBRT) and the Banking Regulatory and Supervisory Authority (BRSA) are acting proactively to maintain and strengthen the conditions to well coordinate the banking sector in order to empower the requirements of production sector. Within these dynamics, TSKB is closely monitoring the loan market it has financed and its customers' performance with the aim to support them during these extraordinary times. Along with its development banking mission, TSKB is currently in cooperation with its international stakeholders to design coherent measures that would meet the needs of the Turkish economy and mitigate the adverse consequences of the COVID-19 pandemic. TSKB is carefully considering its customers' needs and trying to provide the appropriate services within its capacity. Moreover, the declaration for the internal precautions and measures of TSKB for an uninterrupted service quality is available on this link.

VEB.RF (Russia)
VEB.RF in close cooperation with the government applies a wide spectrum of measures to provide a prompt response to the challenges posed by coronavirus pandemic and as well as soften collateral damage to the economy. Among the key measures, VEB.RF provided Rubles 100 billion (US$1.36 billion) of guarantees to the biggest commercial banks and its own SME Bank in order to cover zero interest rate 6-months SME loans. Read more.
https://www.idfc.org/wp-content/uploads/2020/04/press-release-idfc-response-to-covid-19-crisis_final_210420.pdf

- **IDFC**

IDFC Response to COVID-19 Crisis
Press Release, April 22, 2020
In the unprecedented situation caused by COVID-19 crisis, IDFC is committed to regularly updating and capitalizing on its members respective experiences with regards

to COVID-19. IDFC members are mobilizing their full set of instruments to simultaneously address short-term needs and prepare economic recovery.

Through extensive measures and systemic solutions to local financial systems, they ensure their countercyclical mandate. By providing financing facilities, guarantees, by massively realocating funding and by putting in place easing measures, they support most affected sectors and contribute to maintain jobs.

The Club is committed to help structure the most adequate collective answer, within the international development finance community, in order to strengthen health systems and social infrastructure and to support a sustainable and inclusive economic and financial recovery and transition. You can read the full press release.

The information below related to the IDFC members measures and initiatives will be updated on a regular basis.

- **<u>Europen Investmen Bank</u>**

EIB backs €5 billion investment to mitigate economic impact of coronavirus and support medical technology
EIB News, 23 April 2020

- €5 billion for COVID-19 business resilience and medical technology
- Includes €3 billion for companies in Spain and Italy impacted by economic shocks
- Additional flexibility to extend existing loans to mitigate economic impact of the crisis

The European Investment Bank today approved €5 billion of new financing for businesses hit by the economic shock and for medical technology. The financing is part of the EIB's quick response to the coronavirus crisis and its economic effects. It includes €3 billion dedicated for companies in Italy and Spain, two countries most impacted by the corona virus.

During its meeting by videoconference earlier today the EIB Board also agreed measures making it possible to extend existing EIB loans in view of the economic impact of the coronavirus crisis, up to a total of €5 billion. This builds upon the rapid response package identified on 16 March.
"Investment to mitigate the economic, health and social impact of the coronavirus crisis is now a priority for the EU Bank, one that we have embraced swiftly and vigorously in cooperation with other EU institutions. Today we continued to prioritise support for companies and entities worst hit by the crisis, specifically small companies and medical innovation. We also agreed to ensure a rapid response by expanding financing available to existing clients", said Werner Hoyer, President of the European Investment Bank.

Backing research on coronavirus
The Board approved a €75 million equity investment into the German company Curevac, to support research to mitigate the health impact of coronavirus.
This support is part of the scaled-up efforts to finance additional research to fight coronavirus through the EIB's dedicated Infectious Disease Financing Facility, with more operations expected in the coming weeks.
https://www.eib.org/en/press/all/2020-103-eib-backs-eur5-billion-investment-to-mitigate-economic-impact-of-coronavirus-and-support-medical-technology

Only four EU countries lead the US in digitalisation – EIB launches new report on digitalisation in the EU and US
Press Releases, 20 April 2020.

- EU lags the US in digitalisation
- Digital businesses outperform non-digital ones in growth and job creation

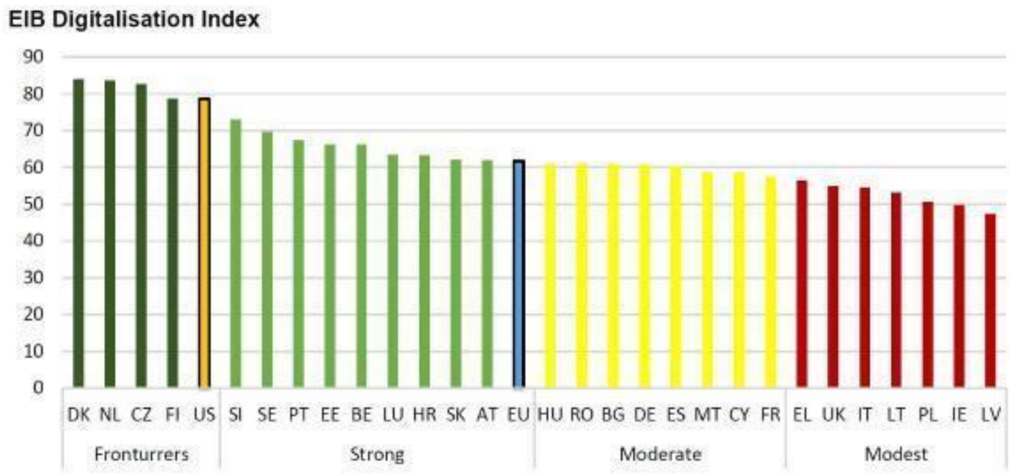
In the fight against the Coronavirus, digital technology is playing an unprecedented role in the maintenance of daily life and economic and social activities, as well as in the recovery of industry and business. The Coronavirus pandemic is becoming a tipping point for digitalisation – the dawn of a new era – by accelerating the maturity of digital technology: what was once a 'nice to have' could now become a 'crucial to have'. For businesses and organisations to thrive and become more resilient in the medium and longer term, it may be more relevant than before to revisit digital transformation plans in order to stay competitive in the 'new normal'.

In this context, the new EIB report "Who is prepared for the new digital age? Evidence from the EIB Investment Survey" takes a look at the state of digitalisation in the EU and United States from a unique business perspective. The report shows, based on a company-level survey, that EU firms in most sectors are falling behind the US. It also spells out the key concerns of firms when it comes to the adoption of, and investment in, digital technologies. In particular, it highlights how access to management, skilled labour and the regulatory environment affect the digitalisation of European as well as US firms.

"If European policymakers want European firms to become more digital they need to address structural barriers to investment in digitalisation," said Debora Revoltella, EIB Chief Economist. "Policy action should develop measures to fast-track the adoption of digitalisation. These include more advanced managerial skills and practices, improving the skills of workers through training and making it easier to finance investments in intangibles and digital technologies. The current Covid-19 economic crisis can be an opportunity to frontload some of those initiatives."

The EU lags the US in digitalisation
The EIB Digitalisation Index, introduced in the report and based on firm-level data and perception, shows that the EU falls short of the US. Only four EU countries are ahead of the US in terms of digitalisation: Denmark, the Netherlands, the Czech Republic and Finland.
On average, European firms are less often fully digital and invest and adopt digital technologies less than their US peers. The difference between the US and the EU is particularly large in the construction sector, where the share of digital firms is 40% in the EU and 61% in the US. The difference in adoption rates between EU and US firms is 13 percentage points in services and 11 percentage points in the infrastructure sector. With regard to manufacturing, only 66% of firms in the EU, compared to 78% in the US, report having adopted at least one digital technology.

EIB Digitalisation Index



Source: Firm level data collected by the EIB Investment Survey in 2019. The EIB Digitalisation Index consists of five components: digital intensity, digital infrastructure, investment in software and data, investments in organisational and business process improvements, and strategic monitoring system.

Digital firms perform better

The report also finds evidence of better and more dynamic performance by digital businesses. Digital firms tend to have higher productivity than non-digital firms, have better management practices, are more innovative, grow faster and create higher paying jobs – also making recovery after a global crisis easier.

Size also matters for digitalisation: large firms tend to digitalise faster in both the EU and the US. This size effect is particularly pronounced among manufacturing firms. Only 30% of EU firms with fewer than ten employees adopted digital technologies, whereas this share increases to 79% for firms with more than 250 employees. A major barrier that is specific to Europe is an unfavourable firm-size distribution. Many small, especially older, firms in the EU consider labour market regulations, business regulations and the lack of external finance to be major obstacles to investment, which may further exacerbate the delay in digital technology adoption.

Read the report and the country-level analysis:
https://www.eib.org/en/publications/who-is-prepared-for-the-new-digital-age
Or Read the summary online
https://www.eib.org/en/about/economic-research/surveys-data/eibis-digitalisation-report
https://www.eib.org/en/press/all/2020-101-only-four-eu-countries-lead-the-us-in-digitalisation-eib-launches-new-report-on-digitalisation-in-the-eu-and-us

- **CABEI**

CABEI presents study denominated "Economic impact of COVID- 19, an analysis for Central America, Argentina, Colombia and Mexico"

BCIE News, COVID-19, April 24, 2020

This indicative analysis will enable CABEI to inform and guide its decision-making management in support of its member countries.

Tegucigalpa, April 24, 2020.- The Chief Economist Office of the Central American Bank for Economic Integration (CABEI) prepared the report denominated, "Economic Impact of COVID-19: An Analysis for Central America, Argentina, Colombia and Mexico," in order to quantify the effects on economic activity and public debt that countries could face in 2020.

CABEI Executive President Dr. Dante Mossi commented that, "This research is relevant and timely. Now more than ever it is essential to have information that helps to better cope with what is happening in the countries' economies. CABEI is aware of the complicated situation and as a development bank, it is ready to help and provide information in order to fulfill its commitment to do everything possible to support its member countries in the face of such global challenges."

The report presents estimate for two scenarios. Both represent an absolute stoppage of production in previously defined sensitive sectors. The first scenario involves a two-month stoppage and the second scenario a three-month stoppage. Both scenarios incorporate a four-month lag in production for the hotel and restaurant sectors. This analysis shows that GDP growth in 2020 would be in the range between -2.5% and -4.9% for Central America. Estimates for Argentina are between -5.7% and -7.6%, Colombia between -2% and -4% and Mexico within the -4.4% and -6.9% range. Economic growth would be mainly impacted by the reduction in such activities as commerce, construction, transportation, hotels and restaurants, financial intermediation and entertainment services.
This report and additional information is available at www.bcie.org or here.
https://www.bcie.org/en/news/latest-news/article/cabei-presents-study-denominated-economic-impact-of-covid-19-an-analysis-for-central-america-arg/?tx_ttnews%5BbackPid%5D=1&cHash=f97c4af05c079b3c13ab7e153c78908b

Cabei eyes benchmark after capitalisation
Global Capital, 22 Apr 2020
By Oliver West
Central American development bank Cabei will hold investor calls this week as it prepares to bring its first 144A bond in nearly eight years.

The day after increasing its authorised capital from $5bn to $7bn, Aa3/AA rated Cabei (the Central American Bank for Economic Integration) announced plans for investor calls led by Citi, Crédit Agricole and HSBC. The calls will run from Wednesday to Friday, with Cabei seeking a three or five-year dollar benchmark.

Cabei issued a $375m Reg S-only green bond back in October, selling 77% of the deal to Asian accounts and the remainder to European buyers in what was the bank’s first dollar trade since it became a double-A rated issuer with both Moody’s and Standard & Poor’s.

According to Cabei’s chief financial officer Hernán Danery Alvarado at the time, that transaction marked the Honduras-headquartered lender’s “transition towards the SSA market”.

In the last seven years, Cabei’s South American peer CAF has trodden the path for Latin American multilaterals from being considered an EM borrower to a “true SSA” — in other words an issuer that attracts typical SSA bond buyers like official institutions, central banks, and sovereign wealth funds. Double-A credit ratings are considered a prerequisite to obtain this status.

However, delays in loan payments and capital commitments from Venezuela have seen Aa3/A+/A+ rated CAF lose its double-A status with S&P and Fitch, leaving Cabei the best rated bond issuer in Latin America.

Cabei last year asked Fitch to withdraw its rating on the bank, after deciding the agency's methodology did not give sufficient credit to its policy of attracting highly rated shareholders. Fitch rated Cabei A+ at the time.

The recent incorporation of South Korea as a member has been a major driver behind the Cabei reaching double A status.

In March, Cabei announced a Covid-19 response package of $1.96bn — including $600m of emergency sovereign loans, $1bn to support central bank liquidity, and $350m to strengthen the region's financial system.
https://www.globalcapital.com/article/b1l9h2n11zycqm/cabei-eyes-benchmark-after-capitalisation

- **FONPLATA**

Fonplata funds small businesses in Uruguay
Latin Finance, April 20, 2020
Río de la Plata development bank grants a $15 million loan to protect SMEs from the coronavirus outbreak

Fonplata, the regional development bank for the Río de la Plata basin, said it approved $15 million in financing for a small business emergency loan program in Uruguay.

Uruguay's National Development Agency, or ANDE, will use the funding for the first phase of a stimulus program for micro, small and medium-sized businesses, Fonplata said in a press release on Thursday. The program is expected to help 65,000 businesses, it added.

"This first phase of the program will be complemented by a second operation that will ensure its sustainability in the short term," Fonplata said.

Fonplata also said the funding helps ANDES establish a long-term lending program for micro and small businesses.

Uruguay's Economy Minister Azucena Arbeleche said in late March that the country wanted to get $2.5 billion in credit from multilateral lenders to take on the coronavirus. Since then, Uruguay has borrowed $125 million from the Inter-American Development Bank (IDB) and engaged the Japan Bank for International Cooperation (JBIC) to work on the sale of yen-denominated bonds.

Fonplata has disbursed $1.5 million grants to its member nations – Argentina, Bolivia, Brazil, Paraguay and Uruguay – to buy medical equipment and other supplies. It also approved $53 million in loans to Argentina, including $25 million to provide meals to schoolchildren in the province of Buenos Aires and $15 million to build emergency hospitals
https://www.latinfinance.com/daily-briefs/2020/4/20/fonplata-funds-small-businesses-in-uruguay

- **AFD**

AFD readies dollar bond response to coronavirus
Global Capital, 20 Apr 2020
By Frank Jackman
Agence Française de Développement (AFD) will tap the dollar market this week to become the latest public sector borrower to print a bond in response to the coronavirus pandemic.

The deal will be issued off AFD's EMTN programme. The proceeds from the deal will contribute towards supporting the AFD's response to the impact of the coronavirus pandemic. This is an unusual step for an issuer from the SSA sector, with many having issued them from ESG issuance platforms.

AFD is taking indications of interest on the three-year dollar benchmark at 40bp area against mid-swaps. Barclays, BNP Paribas, Bank of America, Citi and Daiwa are running the deal, which is expected to be Tuesday's business.
The agency has raised €3.13bn of its €7.5bn funding target so far this year.

Also in the dollar market this week is the Asian Development Bank, which is preparing a new five-year benchmark.

Bank of America, Citi, HSBC and TD Securities are taking indications of interest of interest at initial pricing thoughts of mid-swaps plus 28bp area, ahead of pricing tomorrow.

The supranational last syndicated a dollar deal at the end of March, when it printed a jumbo $4.5bn two-year deal at spread of 20bp to mid-swaps.
https://www.globalcapital.com/article/b1l8v3r8k3d2dm/afd-readies-dollar-bond-response-to-coronavirus

- **ASIAN DEVELOPMENT BANK**

ADB, AIM Launch Global Hackathon for Digital Ideas to Respond to COVID-19 Crisis
News Release | 24 April 2020
MANILA, PHILIPPINES (24 April 2020) — The Asian Development Bank (ADB) and the Asian Institute of Management (AIM) today launched the #DigitalAgainstCOVID-19 virtual challenge to crowdsource digital solutions and ideas to help countries in Asia and the Pacific deal with the medium- and long-term effects of the novel coronavirus disease (COVID-19) pandemic.

The challenge will focus on four themes: health and well-being, education, economic development, and enhancing the capacity of governments and ADB.

"Digital technologies can be an important element of country responses to the COVID-19 pandemic," said ADB President Masatsugu Asakawa. "This competition will generate digital ideas and solutions to help shape the new normal."

"Many countries were caught off guard and have had to go digital overnight to deliver education," said AIM President, CEO, and Dean Jikyeong Kang. "We want to use this competition to explore potential solutions that may make online learning more fulfilling for both student and adult learners."

The virtual challenge will run throughout 2020. After each of the three rounds, 3 to 5 solutions will be pilot tested for 3 to 9 months. In early 2021, the most successful pilots will be recognized. The competition is open to startups, companies, universities, research organizations, students, and ADB employees.

Details can be found on ADB's challenges platform. The platform allows ADB to reach global problem solvers and collaborate with them in co-creating solutions. The platform currently has a network of 2,000 users, including hundreds of startups, located in 70 countries.

ADB's Digital Innovation Sandbox program, chaired by ADB Vice-President for Private Sector and Public–Private Partnerships Diwakar Gupta, is moderating the challenge. This is the third hackathon under the ADB–AIM collaboration.

Follow #ADBHackathon for updates on the ADB-AIM Hackathon 2020.

ADB is committed to achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty. Established in 1966, it is owned by 68 members—49 from the region.

AIM is an Asian pioneer in management education. Founded in 1968, AIM's mission is to sustain the growth of Asian businesses and societies by developing professional, entrepreneurial, and socially responsible leaders and managers.
https://www.adb.org/news/adb-aim-launch-global-hackathon-digital-ideas-respond-covid-19-crisis

- **IFAD**

IFAD makes landmark investment in impact fund helping rural SMEs
News, 23 April 2020
Rome, 23 April 2020 – In a continuation of its efforts to help small-scale farmers and micro-, small and medium size rural enterprises in developing countries create jobs and increase incomes, the International Fund for Agricultural Development (IFAD) announced today an investment of US$9 million (€8.4 million) into the Agri-Business Capital (ABC) Fund, a blended capital impact fund.

The investment was made possible thanks to a contribution from the Swiss Agency for Development and Cooperation. It is the first time that IFAD, a specialized United Nations agency and international financial institution, is investing directly into a private sector entity.

Under its private sector engagement strategy adopted in September 2019, IFAD can now directly fund private sector entities and invest in funds targeting rural small and medium size enterprises (SMEs) and small-scale producers' cooperatives. This enables IFAD to fund a wider range of projects increasing poor rural peoples' productive capacities, improving their benefits from market participation and promoting the use of climate-smart practices. IFAD's strategy also aims to attract more private sector funding to the small-scale agriculture sector.

"The private sector's involvement in the eradication of hunger and poverty was crucial before the COVID-19 crisis. Now it has become even more important as we work to reduce some of the immediate impacts of the crisis and plan for a longer-term recovery when it is over," said Gilbert F. Houngbo, President of IFAD. "More than ever, we need to join forces with the private sector to help small-scale producers and rural SMEs preserve and create jobs for those who are more likely to be left behind."

Small-scale producers and rural SMEs have always faced real difficulties in accessing the funding they need to grow their businesses. With COVID-19, their situation could become even more precarious without necessary support.

Prior to the COVID-19 crisis, the demand of $240 billion far exceeded the available supply of about $70 billion, leaving a funding gap of roughly $170 billion. About 70% of the demand of approximately 270 million small producers in Latin America, sub-Saharan Africa, and South and South-East Asia was unmet.

"Small-scale farmers and rural SMEs are the backbone of the economy of their countries. They have a very high potential for growth and can create jobs – especially for the youth - and drive development in their communities and countries, but they need resources to invest," added Houngbo.

The ABC Fund catalyses blended capital and invests in underserved segments of agribusiness value chains focusing on farmer organizations, financial intermediaries and agribusiness SMEs. It particularly targets commercially viable ventures that can help create employment, in particular for youth and women, and improve rural livelihoods. The fund also prioritizes climate-smart projects that promote sustainable production.

Originally sponsored by IFAD in 2019, the ABC Fund, now an independent private investment fund, is structured to blend public with private capital. It also provides technical assistance to investees through a dedicated facility. It received contributions from the European Commission, the Organisation of Africa, Caribbean and Pacific States, Luxembourg and the Alliance for a Green Revolution in Africa. It has a target size of €200 million. The ABC Fund is managed by Bamboo Capital Partners, a commercial private equity firm with a specialisation in impact investments.

In December 2019, the ABC Fund disbursed its first investment to a cooperative in Côte d'Ivoire collecting and marketing cocoa from and for its small producer members, benefiting over 2,700 cocoa farmers. Additional investments have been since approved and more are planned in the coming months benefiting cooperatives, SMEs, savings and credit cooperatives and micro-finance institutions.

IFAD's investment in the ABC Fund is part of a wider plan to scale up IFAD's engagement with the private sector and design innovative instruments to help increase investments in rural areas and help the private sector overcome the challenges of investing in small-scale agriculture, recognising that rural SMEs constitute an untapped business opportunity.

PR/22/2020
IFAD invests in rural people, empowering them to reduce poverty, increase food security, improve nutrition and strengthen resilience. Since 1978, we have provided US$22.4 billion in grants and low-interest loans to projects that have reached an estimated 512 million people. IFAD is an international financial institution and a United Nations specialized agency based in Rome – the United Nations food and agriculture hub.
https://www.ifad.org/en/web/latest/news-detail/asset/41890785

New IFAD fund launched to help prevent rural food crisis in wake of COVID-19
Ifad News, April 20, 2020
Rome, 20 April 2020 - With the COVID-19 pandemic and economic slowdown threatening the lives and livelihoods of the world's most vulnerable people, the UN's International Fund for Agricultural Development (IFAD) today committed US$40 million, and launched an urgent appeal for additional funds, to support farmers and rural communities to continue growing and selling food.

IFAD's new multi-donor fund, the COVID-19 Rural Poor Stimulus Facility, will mitigate the effects of the pandemic on food production, market access and rural employment. As part of the broader UN socio-economic response framework, the Facility will ensure that farmers in the most vulnerable countries have timely access to inputs, information, markets and liquidity. On top of its own contribution, IFAD aims to raise at least $200 million more from Member States, foundations and the private sector.

"We need to act now to stop this health crisis transforming into a food crisis," said Gilbert F. Houngbo, President of IFAD. "The fallout from COVID-19 may push rural families even deeper into poverty, hunger and desperation, which is a real threat to global prosperity and stability. With immediate action, we can provide rural people with the tools to adapt and ensure a quicker recovery, averting an even bigger humanitarian crisis."

With their movements restricted to contain further spread of the virus, many small-scale farmers are unable to access markets to sell produce or to buy inputs, such as seeds or fertilizer. Closures of major transport routes and export bans are also likely to affect food systems adversely. As entire production chains are disrupted and unemployment rises, the most vulnerable include daily labourers, small businesses and informal workers, who are very often women and young people. The return of workers from cities affected by lockdowns will put further strain on rural households, which will also stop receiving much needed remittances.

About 80% of the world's poorest and most food insecure people live in rural areas. Even before the outbreak, more than 820 million people were going hungry every day. A recent United Nations University study warned that in a worst-case scenario, the economic impact of the pandemic could push a further half-billion people into poverty.

"This pandemic is threatening the gains we have made in reducing poverty over the past years. To avoid serious disruption to rural economies, it is essential to ensure agriculture, food chains, markets and trade continue to function," said Houngbo.

"A majority of the world's most impoverished people are already suffering the consequences of climate change and conflict. An economic downturn in rural areas could compound these effects, generating more hunger and increasing instability, especially in fragile states."

The Rural Poor Stimulus Facility will focus on the following activities:
- Provide inputs for production of crops, livestock and fisheries to small-scale producers so that they can weather the immediate effects of the economic crisis.
- Facilitate access to markets to support small-scale farmers to sell their products in conditions where restricted movement is interrupting the functioning of markets, including providing logistics and storage support.

- Provide targeted funds for rural financial services to ensure sufficient liquidity is available and to ease immediate loan repayment requirements to maintain services, markets and jobs for poor rural people.
- Use digital services to share key information on production, weather, finance and markets.

IFAD has significant experience in working in fragile situations improving the resilience of rural populations. For example, in Sierra Leone during the Ebola outbreak, IFAD-supported banks were the sole providers of banking and financial services in affected areas. They provided timely assistance during the outbreak and supported the renewal of the rural economy after the crisis passed.

Even before the COVID-19 pandemic, IFAD was already stepping up its programmes and calling on member states to increase investments in rural development to achieve Sustainable Development Goal 2 – ending hunger.

“A timely response to the pandemic is an opportunity to rebuild the world’s food systems along more sustainable and inclusive lines and build the resilience of rural populations to crisis, whether related to health, climate or conflict,” said Houngbo.

IFAD has received requests from governments in more than 65 countries to help respond to the impact of the pandemic. It has already adapted its projects and diverted funds to support this.

PR/20/2020
IFAD invests in rural people, empowering them to reduce poverty, increase food security, improve nutrition and strengthen resilience. Since 1978, we have provided US$22.4 billion in grants and low-interest loans to projects that have reached an estimated 512 million people. IFAD is an international financial institution and a United Nations specialized agency based in Rome – the United Nations food and agriculture hub.
https://www.ifad.org/en/web/latest/news-detail/asset/41877895

- **The European Bank for Reconstruction and Development (EBRD)**

EBRD launches Vital Infrastructure Support Programme
News, 23 April, 2020
The European Bank for Reconstruction and Development (EBRD) has launched an emergency support programme for infrastructure providers across its emerging economies to ensure the provision of vital services despite acute pressure from the coronavirus pandemic.

The EBRD’s initiative, part of its overall Solidarity Package response to Covid-19, will focus on both ensuring service provision immediately and protecting progress in its regions towards the provision of green, sustainable infrastructure.

The Covid-19 crisis has had a severe impact on infrastructure sectors in EBRD countries that stretch from Central and Eastern Europe through to Central Asia and the Middle East and North Africa.

Providers are facing unprecedented financial strain due to a dramatic fall in revenues. They risk not having enough working capital to keep vital infrastructure safe and functioning when it is most needed.

At the same time, the diversion of budget resources away from infrastructure investments to emergency coronavirus services is compromising the sustainability of services in the medium to long-term and threatening the transition to green, sustainable infrastructure that remains a fundamental challenge for all economies.

The VISP initiative contains three financing tools:

- Working capital lines to municipalities and utilities. The EBRD will deploy these credit lines through local banks to support the continuity of infrastructure services and/or infrastructure investment programmes.
- Stabilisation facilities for key infrastructure providers. These will be direct loans to key services providers to provide liquidity following temporary revenue losses due to Covid-19, with the aim of protecting the delivery of vital services and infrastructure.
- Investment financing for public sector clients. The EBRD will provide finance to public sector clients to support vital capital expenditure that is otherwise threatened by the economic fallout of the COVID-19 crisis.

In addition to financial support, the EBRD will provide policy support across its regions to protect and sustain ongoing reforms, to strengthen the resilience of economies, to maintain the momentum of a low-carbon transition and to promote good governance across the sector.

Nandita Parshad, EBRD Managing Director, Sustainable Infrastructure Group, said: “This is a response to the needs of our countries, cities and their citizens to keep the lights on, clean water flowing, waste collected and treated, and public transport running safely. Preserving the stable provision of essential services is vital to support those societies right now in the midst of this unprecedented crisis, but also to ensure that when the recovery comes it is a green and sustainable one, led by private enterprise.”

Nandita Parshad, EBRD Managing Director, Sustainable Infrastructure Group, said: “This is a response to the needs of our countries, cities and their citizens to keep the lights on, clean water flowing, waste collected and treated, and public transport running safely. Preserving the stable provision of essential services is vital to support those societies right now in the midst of this unprecedented crisis, but also to ensure that when the recovery comes it is a green and sustainable one, led by private enterprise.”

Mattia Romani, EBRD Managing Director, Economics, Policy and Governance, added: “Given the unprecedented crisis affecting the infrastructure sector, the Bank is developing new ways to help our countries and vital infrastructure providers through a combination of short- and long-term financial products as well as advice to government to shape the economic policy response in a way that can help preserve the private sector’s ability to be the engine of growth, prevent value destruction and protect well-functioning markets.”
https://www.ebrd.com/news/2020/ebrd-launches-vital-infrastructure-support-programme.html

EBRD targets coronavirus financing of €21 billion through 2021
News, 23 Apr 2020
The EBRD is rapidly stepping up support for its regions in the face of the coronavirus pandemic and now expects to dedicate the entirety of its activities to helping the 38 emerging economies where it invests to combat the economic impact of the crisis.

EBRD shareholders agreed today to a comprehensive series of response and recovery measures that strengthen the Bank's Solidarity Package, which was first unveiled on 13 March. The Bank now stands ready to provide support worth €21 billion over the 2020-21 period.

EBRD President Suma Chakrabarti described Covid-19 as an unprecedented challenge to the world and to the EBRD regions. Announcing the new measures, he said, "The crisis is now so all-encompassing that, in practice, it is expected that all of the Bank's business over the next one to two years will contribute to the EBRD's crisis response."

The EBRD is adapting and scaling up existing instruments and developing new initiatives to provide finance and policy support to help stave off the immediate threat of the virus.

It is also working to prepare its countries for the post-virus era and to safeguard their hard-won progress towards sustainable, fair and open market economies.

A key pillar of the EBRD's Solidarity Package is a Resilience Framework providing finance to meet the short-term liquidity and working capital needs of existing clients.

Demand has been strong and, as part of the scaled up response, financing available under the Framework will rise to €4 billion from €1 billion until a further assessment of needs before the end of this year. The EBRD has widened its scope to include the affiliates of existing clients.

The EBRD will increase financing under its Trade Facilitation Programme, responding to fast-rising demand for trade finance to keep open the channels of commerce under challenging circumstances. It will also offer fast-track restructuring for distressed clients. The Bank will strengthen established frameworks that can reach out especially to small and medium-sized enterprises (SMEs) and corporations that are not yet clients of the EBRD, making the real economy more resilient with financing delivered directly and indirectly via the banking system. Another element in the Solidarity Package is a new emergency facility to meet essential infrastructure requirements.

The focus with all these instruments is on the speed of the EBRD's response through effective streamlined procedures.

The emergency channels will target all sectors of the economy, but especially those badly hit by the crisis, including among others, financial institutions, SMEs, and corporate sectors such as tourism and hospitality, automotive and transport providers, agribusiness, and medical supplies.

The economies in the EBRD regions, which stretch from central and eastern Europe through to Central Asia and North Africa, are suffering from the effects of measures to contain the virus, but also from external shocks including sharp drops in commodity prices, disruption to global value chains, a collapse in tourism and a fall in remittances.

The EBRD will focus primarily on the rapid provision of debt needed to respond to these challenges in this phase of the crisis. As the situation evolves, the Bank will also ramp up its local currency, capital markets and equity offers.

The economic resilience package offered by the EBRD complements the significant health and budgetary support measures delivered by other international financial institutions (IFIs) in these regions.

In delivering its support, the EBRD will work closely with other IFIs, including at the country level, to ensure

In delivering its support, the EBRD will work closely with other IFIs, including at the country level, to ensure efficient and coordinated responses for economies and clients in their time of need.

The EBRD acknowledges that in this period of threat there can be no business as usual. However, even as credit conditions worsen, the Bank will continue to subject its projects to the normal standards and requirements. The EBRD will not compromise the standards on which its impact and reputation rest. Transition impact, sound banking and additionality remain the EBRD's key operating principles.

In parallel with its increased financial support, the EBRD will put an even greater focus than usual on policy support in order to respond to the short- and longer-term consequences of Covid-19.

In the short term, the EBRD will provide "bridge support" to help clients develop effective responses to the pandemic in order to preserve value and survive. Virtual advice and training is already being offered to help governments identify innovative policy solutions and to clients to assist with workforce planning and crisis management.

At the same time, the EBRD will need to play a systemic role in supporting the broader private sector and well-functioning markets.

This pandemic has the potential to entrench and exacerbate inequalities in society and to jeopardise hard-fought commitments in the battle against climate change.

As the EBRD acts to protect the economies of its regions, it will also seek to safeguard transition, working to ensure an inclusive and gender-sensitive response to the crisis and to preserve commitments on transition to the green economy.

In response to an inevitable increase in the footprint of the state in economies, the EBRD will work with governments to shape their interventions, to minimise distortions and unfair competition and to protect the effectiveness of open markets.
https://www.ebrd.com/news/2020/ebrd-targets-coronavirus-financing-of-21-billion-through-2021.html

- **WORLD BANK**

We must fight the pandemic without putting off Latin America's recovery
World Bank Blogs, april 24, 2020
Humberto López
The COVID-19 pandemic is uncharted territory – an uncertain, unprecedented, and overwhelming situation. But as the Spanish poet Antonio Machado once wrote, "The path is made by walking." Already, one thing is abundantly clear: the impacts of COVID-19 will be grim in Latin America and the Caribbean. The novel coronavirus will affect the health of millions of people in the region, and it will have serious social, economic, and public policy implications. We also know that we must draw up a roadmap for the recovery of our societies. We must do this together – and begin now.

In "The Economy in the Time of COVID-19," a report released a few days ago by Martín Rama, the World Bank's Chief Economist for Latin America and the Caribbean, the global and regional economic forecast is dire in 2020. The region's economy is expected to shrink 4.6%. The International Monetary Fund is even more negative, forecasting a 5.2% contraction. These projections are not written in stone, of course. But whatever the end result, the impact on the region's economies will be profound.

That is the scenario we have to work with in the short term. The recession, caused by a paralysis of activity and the necessity of social isolation, is leading to massive job losses. In the Caribbean, where many economies depend heavily on tourism, we estimate that some will see 50% of the working population lose their jobs.

In other countries, the problem stems from a plunge in the prices of raw materials, which are critical to the region's economy. You have to go back to 1976 to find such low oil prices. The prices of other raw materials (for example, copper and soybeans) are also under pressure, and this means that many countries across the region are going to face formidable financial pressures from a decline in liquidity. It is a vicious cycle that is bound to get even worse when we consider that remittances sent from the United States and other developed countries, so vital for millions of families in the region, are expected to fall sharply.

It's not hard to imagine how all of these elements will affect poverty and inequality. The poorest and most vulnerable people in our countries will suffer most. It's crucial to do everything we can to mitigate that impact.

At the World Bank, we recognize the seriousness of the situation, and we have the commitment and capacity to support the health response, the social response, and the economic response. Work is already underway, focusing first on helping countries respond to the emergencies across the region. The health systems in Latin America were not prepared for the shock of the pandemic. So, we've moved quickly.

In a matter of days, new programs were approved, resources were redirected from projects already underway, and disaster contingency funds were released. Some $700 million is being deployed in 14 countries so far to acquire gloves, masks, respirators, and other critical medical supplies. The amount will grow as we continue talking with governments in the region about what they need.

This is only the beginning. Over the next 15 months, the World Bank's assistance to developing countries will reach $160 billion. Much of this will benefit Latin America, helping its governments better deal with the health emergency. But while we are focusing our immediate efforts on containing the pandemic, we must also look further afield. We must develop strategies for economic and social recovery with the understanding that countries will be starting at the very bottom of the growth curve. This is a monumental challenge in a region that had lost economic momentum long before the spread of the coronavirus.

In this new stage, social protection programs will be more necessary than ever. And they must reach all affected sectors, especially to help the poorest people and informal workers, who will suffer the worst in this crisis. Efforts must be made to preserve jobs. The main productive sectors will need state assistance in the form of subsidies and tax deferrals. All of this burden will fall on states that already face delicate fiscal situations and a lack of liquidity because of scant credit and a rising capital outflows from the region. The needs will exceed what any traditional approach could address.

It is crucial that governments adopt forward-thinking policies right now. For example, they must spur international trade and not close their borders to goods and services, even though people cannot circulate freely right now. They must also provide support and working capital to small and medium enterprises, a source of millions of jobs. They must guarantee the health of the financial system, which will play a central role in the economic recovery, and they must make the investment climate their best asset so that private capital can return as soon as the health emergency allows it to. All of these challenges will require significant creativity as well as solidarity with those who have the least.

Decisions like the one adopted by the G20 days ago—to grant a moratorium on debt payments to the poorest countries—point us in the right direction. The World Bank advocated for such a measure from the outset, together with the International Monetary Fund, and we are pleased with the result. The beneficiary countries will be able to use these resources to meet their most immediate needs.

Containing the pandemic and mitigating its social and economic damage will be the starting point for recovery so that sustained growth and shared prosperity can follow. We must restart the productive engines of our countries and create jobs, the key to progress. And we must do this with determination, commitment, and creativity, planning now and implementing as soon as the health emergency subsides. As the words of Antonio Machado remind us, "By walking you make the path, and when you look back you see the path that never will be trod again."

Let's rebuild stronger and make sure this pandemic becomes a path that will never be trod again.
Humberto López: Acting VP and World Bank Director of Strategy and Operations for the Latin America and the Caribbean Region
https://blogs.worldbank.org/latinamerica/we-must-fight-pandemic-without-putting-latin-americas-recovery

- **BIS**

How fintech can promote financial inclusion - a new report on the opportunities and challenges
Press release, 14 April 2020
Financial technology can spur financial inclusion by facilitating payments, but the opportunities come with challenges, according to a new report by the Committee on Payments and Market Infrastructures (CPMI) and the World Bank.

The report, Payment aspects of financial inclusion in the fintech era, connects fintech innovation with financial inclusion, providing a framework for incorporating and leveraging technological opportunities to promote access and use of transaction accounts, while also addressing potential challenges.

"Technological innovation has made major inroads into financial services, which has implications for payments and their key role for financial inclusion. While fintech can support improved access to safe transaction accounts and encourage their frequent use, it is not a panacea and there are risks that need to be managed", according to Sir Jon Cunliffe, Chair of the Committee on Payments and Market Infrastructures and Deputy Governor for Financial Stability of the Bank of England.

Fintech can contribute to improved design of transaction accounts and payment products, make them ubiquitously accessible with enhanced user experience and awareness. It can make services more efficient and lower market entry barriers. Still, these benefits bring risks, in terms of operational and cyber resilience, protection of customer funds, data protection and privacy, digital exclusion and market concentration. If not adequately managed, these risks could undermine financial inclusion.

"Incorporating fintech into the PAFI framework will help firms and policymakers extend payments services to the poor, the first step for expanding access to other important services, such as credit and insurance," said Ceyla Pazarbasioglu, Vice President for Equitable Growth, Finance and Institutions (EFI), World Bank Group.

The report builds on the guidance on Payment aspects of financial inclusion (PAFI), issued by the CPMI and the World Bank in 2016. This study outlined seven guiding principles for public and private sector stakeholders and recommended key actions for countries seeking to implement these principles. This was done in a technology-neutral and holistic way and remains relevant in the fintech era.

The new report shows that fintech can be used to underpin access and usage of transaction accounts. Yet it is not without challenges, and if risks are not properly managed, they can undermine financial inclusion. Payment aspects of financial inclusion in the fintech era sets out key actions, helping the relevant stakeholders to strike the right balance between increasing efficiency and ensuring safety.

Note to editors:
The report has been prepared for the CPMI and the WBG by a task force consisting of representatives from CPMI central banks, non-CPMI central banks active in the area of financial inclusion and international financial institutions. The work on this report was led by Maria Teresa Chimienti (European Central Bank) and Thomas Lammer (CPMI Secretariat) under the overall guidance of the task force co-chairs Marc Hollanders (Special Adviser on Financial Infrastructure, Bank for International Settlements) and Harish Natarajan (Lead Financial Sector Specialist, Finance, Competitiveness & Innovation, World Bank Group).

The CPMI promotes the safety and efficiency of payment, clearing, settlement and related arrangements, thereby supporting financial stability and the wider economy. It is a global standard setter in this area. The CPMI monitors and analyses developments in these arrangements, both within and across jurisdictions. It aims to strengthen regulation, policy and practices regarding such arrangements worldwide. It also serves as a forum for central bank cooperation in related oversight, policy and operational matters, including the provision of central bank services. The CPMI secretariat is hosted by the BIS. More information about the CPMI, and all its publications, can be found on the BIS website at www.bis.org/cpmi.

The World Bank Group plays a key role in the global effort to end extreme poverty and boost shared prosperity. The World Bank Group's "Universal Financial Access 2020" goal is for adults globally to have access to a transaction account or electronic instrument to store money, send and receive payments as the basic building block to manage their financial lives. The World Bank Group's Payment Systems Development Group supports the development and reform of national payment systems, including international remittance markets, in more than 130 countries. More information is available on the World Bank's website at www.worldbank.org/en/topic/paymentsystemsremittances.
https://www.bis.org/press/p200414.htm

- **EUROPE**

Joint Statement by the CEOs and presidents of Europe's leading National Promotional Banks and the European Investment Bank
News room Kfw, 2020 April 20
On Friday, 17 April 2020, the CEOs and presidents of the five leading National Promotional Banks and Institutions (NPBIs) from France (CDC), Italy (CDP), Spain (ICO), Poland (BGK) and Germany (KfW) as well as the EU (EIB) exchanged views on the corona-related challenges for Europe and the national economies. In their joint statement, they emphasise that the promotional banks have each set up extensive national promotional programmes and also agree that they will continue to cooperate throughout Europe to combat the consequences of COVID-19.

Building on a strong European spirit and solidarity derived over the many years of collaboration, the CEOs of BGK, CDC, CDP, ICO and KfW together with the EIB President exchanged their views on the responses taken to address the economic effects of the COVID-19 crisis. The focus has been on the promising results of the first measures taken across member states and at EU-level, with a view to learning from each other and ensuring the complementarity of the different programmes.

Our common mission is to support the economy and thus to contribute to sustainable growth and jobs. This is more needed than ever in the current crisis.

Given the enormous challenge posed by COVID-19 requires that we mobilise resources at unprecedented levels; that we mobilise them quickly and deploy them effectively. Our commitment to support our economies with billions of euros along with all the other European NPBIs is testimony to this.

In the past, we have already shown our ability to work closely together to address economic crisis by acting counter-cyclically and helping to mitigate the effects of a downturn. We are determined to prove it again. It is vital for our economies that European financing tools are designed in a way that is complementary to national ones. It is also crucial that financial circuits are as short as possible to ensure that every euro is available on the ground where needed as soon as possible.

Ensuring this will benefit in particular SMEs and midcaps, which need liquidity and working capital to bridge the lock-down. Many of them benefit from the emergency measures taken by national institutions: moratoria on existing liabilities, credit guarantees of 80% and more in limited cases, new tools for supporting the most affected sectors, etc.

Our mission is also to provide our economies a long-term vision. Beyond the emergency measures we have taken, we will also cooperate on the necessary economic recovery. Long-term investments will be at the heart of the economic recovery and strengthen employment, innovation and sustainability.

In line with the above several sectors of our economies like infrastructure - notably social infrastructure (health, education, affordable housing), digital infrastructure as well as energy infrastructure – transport, tourism, research and development will need enormous investments to recover competitiveness, develop strategic independence and strengthen the resilience of the European economy. The European Commission's InvestEU Programme is expected to be a major element in this future economic landscape together with other national and EU policy measures.

Following this exchange among our institutions, we decided to:

- Further develop our co-operation and focus on synergies;
- Explore possible common initiatives;
- Explore the need for new tools along with the existing ones, notably at European level.

We believe that Europe is strong enough to overcome this crisis. We have shown our robustness and willingness to make every possible effort for the economic recovery. We will keep on coordinating our initiatives going forward with the aim to help Europe to come out of this crisis stronger and closer than before.
https://www.kfw.de/KfW-Group/Newsroom/Latest-News/News-Details_581248.html

- <u>Germany</u>

KFW

Crisis Talk — with Frank Czichowski of KfW
Global Capital, 22 Apr 2020
By Toby Fildes
In the first in a new series of crisis-time interviews with senior capital markets participants, GlobalCapital's Toby Fildes talks to Frank Czichowski, treasurer of Germany's KfW.

Czichowski is one of the most experienced and popular faces in the global capital markets, having been treasurer of the state-owned promotional bank since July 2004, a role in which he oversees liquidity management, funding, asset liability management, portfolio management and securitization. He is also responsible for the privatisation activities of equity stakes held by KfW.

However, his life at KfW is about to come to an end — despite extreme turmoil in global markets he is due to step down as treasurer on schedule at the end of April, handing over to Tim Armbruster, head of treasury at Aareal Bank. Czichowski will leave KfW at the end of June.

In this interview, Czichowski discusses the corona crisis sweeping through the global economy, how his bank is playing a crucial role in Germany's response to it and what he'll miss most about the job, one of the most important and influential roles in the global capital markets.

The crisis and KfW's role in it
Have you ever known a crisis like this one?
No, this is definitely the biggest crisis I've come across. We had the Great Financial Crisis and we were having to deal with a lot of things at the time, but it was, in the beginning at least, a crisis of the financial sector, and the financial sector had to solve it.

This time, everybody is affected — every single individual, every single corporation, big or small. It has affected the demand side, the supply side, international relations, everything.

What is KfW doing to help?
The federal and state governments realised very quickly that this was a very deep crisis — a health crisis but also an economic one — and a whole package of measures were initiated.

An important part of these measures in Germany is carried out by KfW. The principal idea is that KfW gives loans to large parts of the economy — from small companies of 10 people to big corporations — which face a liquidity crisis due to the Covid-19 pandemic. We do this in co-operation with the German banking sector but here the credit risk is, for 80% or 90%, depending on the type of loan, taken by the Federal Republic of Germany, and 10% or 20% by the on-lending banks.

So these are collective efforts. Just recently we have announced another programme for medium-sized companies: an instant loan programme where the Federal Republic takes over 100% of the credit risk, with a fast-track approval process.

Then the states themselves operate programmes for small enterprises. The majority are subsidies where you get a lump sum, depending on the size of your company, to get you over the next couple of weeks or months, so that you can pay your rent, your operating costs.

Germany also reactivated an extensive short time working compensation scheme by the Federal Labour Office, where corporations can claim benefits if they temporarily cannot fully employ their workers.

So there is a really comprehensive set of measures in Germany, catering for the many economic difficulties arising. KfW is the principal agency working on the loan programme for liquidity and investment purposes.

Do you have enough capacity to process all the requests for loans?
For the last couple of years we have worked on automating our processes with the banking sector. All the loans are first processed through the banking system and then forwarded to KfW.
There are, of course, some large transactions which are individually handled, but the bulk are processed through automated systems and we have not seen any real difficulties.
In the beginning we had to increase our capacities, for instance in our call centres, quite significantly, to take care of all the requests. In the meantime, availability is very good.
Reactions to the programmes have been quite positive both from the banking system and society at large.

You mentioned some of the bigger deals. For example, Adidas and Tui have disclosed that they have obtained loans from KfW. They look like the bespoke financing arrangements you mentioned, for companies with particularly acute challenges from Covid-19. I realise you can't really talk about individual customers. But do you expect all sectors to apply for loans? Or will there be some more than others?

We have made rough estimates, but it's too early to have general insight. The pipeline of requests amounts to nearly €28bn as of April 21 with more than 15,000 individual applications. Roughly 90% of the requests come from companies which have applied for less than €800,000. I'm not sure you can generalise by sector, but it is obvious that certain sectors, e.g. retail or tourism, are more affected than others — take utilities as an example.

It's obviously important to you that commercial lenders should lend alongside KfW.
Yes, this was the thrust of the structure. We think it's important that the companies' house banks do their credit work, because they have skin in the game. But the German government through KfW provides risk relief, because potentially the amount can get relatively big and therefore the house banks may not be able to cope with the additional loan volume.

Crisis response and recovery

How do you expect your funding programme to change as a result of what's going on?

This is new territory insofar as there is a big uncertainty surrounding the question: how much demand will we ultimately have for the loans of the Covid-19-related programmes? Funding is all about options, and we have broadened our options quite significantly. To start with, we have moderately increased the issuance under our CP programmes. Then, we — of course — rely on our long term funding through debt capital markets which we currently expect to reach €75bn in 2020.

In addition, the German government has established a facility to refinance us via the Wirtschaftsstabilisierungsfonds (WSF, or Economic Stabilisation Fund), a special fund managed by the German Finance Agency. We can obtain funding from the WSF up to an amount of €100bn which really broadens our financing options.

If need be, we could also use KfW's liquidity portfolio to refinance ourselves with the euro system.

So given the many options we have, and scenarios that might play out, we have so far not adjusted our funding programme for the current year. As we have done in the past, we'll review the funding programme in early July and will communicate the result.

How have KfW spreads reacted?

Initially spreads moved out quite significantly both vis-a-vis the swap curve and in relation to German governments bonds. Before the crisis, KfW was trading at five years at around swaps minus 10bp, maybe a little less. Then we were at swaps plus 15bp-16bp, so it moved 25bp. But now KfW securities have tightened in again.

We have seen a relatively volatile spread development. However, markets in general have coped quite well. I think there were perhaps two weeks in which not much happened. But after that both SSA and the corporate sectors picked up pace and oversubscribed books were more the norm than the exception.

So how long do you think we can keep these emergency measures in place if there is a possibility of a protracted recession?

We cannot be sure when the current lockdown will end, but current measures that are in place will no doubt be lifted only slowly and carefully. I'm certain that the economic impact will be felt long after the public lockdown is lifted. But in the meantime, our Covid-19 related lending programmes will be in place right up until the end of the year.

And what's your hunch on what will happen to the European economy?

I don't have any better insights than other people. We've all seen the IMF marking down the worldwide growth rate from plus 3% to minus 3%. I think if we end that way, that would be a good outcome. Much will depend on the lockdowns — the sooner they are lifted the sooner we get back to some sort of growth, although I note that in recent days many countries have extended their lockdown periods or modified them only slightly.

The European Commission's SURE scheme — its €100bn instrument to protect jobs — is presumably a good complement to the short time working compensation scheme you have in Germany. But one thing that has been more contentious in Germany and the Netherlands is the idea of Euro-bonds or Corona Bonds. Is that something that you favour?

I understand you couldn't but ask me this question... Well, for the time being the most important issue is that people and corporations on the ground get assistance. The EU finance ministers' agreement on a package of facilities is a very good step.

The question of common bonds is a fundamental question. There are a lot of different questions that need to be answered around it and the subject needs intensive discussion. I'm sure this discussion will be taken.

In any case, because it needs such a lot of deliberations, it will take a long time to implement. So in the meantime, we need to concentrate on getting assistance to those affected by the corona crisis.

What about other countries' responses? Which ones do you admire?
Some of the Asian countries have really done a good job in containing the virus — I read the numbers about Korea, about Taiwan, but I don't know enough about it.
Here in Germany I think we have seen very decisive action and so far have contained the crisis relatively well, both from a health perspective as well as from an economic perspective.
In terms of countries' financial responses it's too early to tell and it's really for a later stage to evaluate what was the most effective way to tackle the crisis.

How far do you think we are through this economic crisis?
Again, I'm afraid it's too early to say, we have really only seen the beginning. Many areas are affected by this; we focus so much on what happens in the US, Europe, but in emerging markets there are substantial consequences, so I think this will go on for quite some time.
I wouldn't say that we are in a V-shaped recovery; at least I have difficulties envisioning this. We are in a longer process. Ultimately, we will get out of it, I'm pretty sure, but it will take us well into next year.

Capital markets at home
Are you still working in the office?
Yes. In KfW's financial markets team, we have about half the colleagues here and the other half working at home. Those working in the office spread out a little bit more and

keep the physical distancing as required. We are doing conference calls all day long — nobody goes to a meeting any more. Of course, I can still see my colleagues from a distance, but when we speak, we do so over the phone most of the time.
I find it works surprisingly well. I think we all had to get used to it, but somehow we have managed over time. What is more difficult is a free-wheeling discussion — you have to be more disciplined and focused on the subject. So the kind of discussion you would have over an after-work beer to explore new avenues is something which is perhaps missing.

How do you think debt capital markets have coped with people working from home?
I'm genuinely surprised that everything works so well. When you look at the issuance of our recent KfW benchmark bonds you don't really see a difference. We had 150-200 investors, a syndicate of banks, we had to deal with hedging operations and so on. So there were really many people involved and it just worked.

Most of our partners, both on the banks side and the investor side, were set up.

At the beginning the market was slow but this was more for general market uncertainty reasons. We have not seen significant parts of the investor base breaking away.

Admittedly, the swap markets have been thinner and the bid-offer spreads have been a bit wider, but that is something you would expect in any crisis situation, not something which is special for this one. As I said, I think it has really worked well.

You mentioned wide bid-offer spreads and bonds trading wider and so forth. Have you noticed any change in your investor base as a result?

No, our strongholds have always been banks because of the 0% risk weighting, and central banks because of the asset quality. We have not seen fundamental changes. In the beginning asset managers took a step back, but no, there's really been no fundamental shift.

Do you think this will all bring about a permanent change in the way we work — travelling less, spending fewer days in the office and perhaps making it more acceptable for banks to pitch for mandates over video or phone?
I think so, yes — there will be a shift. We have all got much more used to dealing with telephone conferences, video conferences and I'm sure that this will have a lasting effect. First of all, the uncertainty around infection risk will most likely stay with us for some time. Even if we have the lockdown measures released a little bit and introduce some flexibility, there will be restrictions that continue and one of them will probably concern business travel. I would imagine most people will limit their international travel to the absolute minimum until a vaccine is available.
In addition, working with telecommunication is pretty efficient. I would expect business travel to go down long term, not least because we need to continue and probably to intensify our work on sustainable finance. Travel is not the most important factor in greenhouse emissions, but it is a factor.

Leaving KfW
You are due to step down as treasurer of KfW. Has the crisis changed your plans?
I'm leaving the post of treasurer in a few days; April 30 is the final curtain here. I will still be with the bank for a couple of months and will leave KfW on June 30. So this is my last interview with GlobalCapital as the treasurer of KfW.

What are your plans afterwards?
I will stay engaged in the financial sector. The Federal Government has proposed me as a member of the Supervisory Board of Commerzbank, which is due to be decided at the bank's AGM in May.

What will you miss about the job?
First of all, I will miss a wonderful team at KfW's treasury. I will miss the rest of my colleagues at this important financial institution. Also, working in capital markets has been fun — at least most of the time. When you work in the markets at a place like KfW it is a really interesting and satisfying mix of the bigger picture of global economic development and the more technical side of things. I really have enjoyed this combination.
There are a lot of very interesting people, not only at KfW, but also outside, and I think that is what I will miss in my daily business.
But I am unlikely to miss the financial markets completely, so I hope to stay in touch with many colleagues and I will also look at GlobalCapital's website once in a while!

What have been your top moments at KfW?
First and foremost, KfW is a promotional bank. The most important task for us in treasury and capital markets is to enable the bank to fulfil its mission as a promotional bank for Germany and the developing countries.

KfW has grown in its importance in Germany over the last 25 years and we have enabled KfW to deliver its volumes and purpose, both domestically and internationally, in difficult times as well as in more normal times.
KfW is now the third largest bank in Germany in terms of total assets, and while size of institution is not a purpose for us, it underlines our importance to the German and

international economy. So I think that's what drives everybody here, and that includes me.

Of course, there have been a lot of highlights in our work and the list is too long for this interview. We were the institution to really introduce benchmark bond programmes in Europe, back in 2001 and 2002. This was a huge success and enabled KfW to grow. Actually, we are now speaking 20 years later and KfW still works with this instrument. We did our first global bond in 1996 which was also a very important step.

Our first green bond was a big development, but actually we had worked on ESG issues many years before. We started in 2007 with signing the Principles for Responsible Investment and started to work on treasury operations that are in line with long-term sustainability goals.

There have also been quite a number of very interesting equity capital market transactions. We did the biggest ever exchangeable bond at the time — in fact I think it's still the biggest until this day — a €5bn bonds exchangeable into Deutsche Telekom.
By Toby Fildes 22 Apr 2020
https://www.globalcapital.com/article/b1l9schv8pj915/crisis-talk-with-frank-czichowski-of-kfw

- **RUSSIA**

Russian National Development Corporation- VEB.RF

VEB.RF takes actions against the Covid-19
As a national development institution, VEB.RF in close cooperation with relevant government bodies applies a wide spectrum of measures to provide a prompt response to the challenges posed by coronavirus pandemic as well as soften the damage to the economy.

VEB.RF provides 100 billion Rubles ($1,36 billion) of guarantees to the biggest commercial banks and its own SME Bank in order to cover zero interest rate 6-months SME loans. As part of the guarantee coverage, VEB.RF will provide a guarantee for 75% of the loan.

VEB.RF has launched a web-site поддержка.вэб.рф which outlines all government measures for small, medium and large enterprises affected by the current crisis. It includes not only detailed instructions how to find financial support, but also serves as a library of regulations concerning business activities during the pandemic. The website serves as a single window for all businesses seeking help and information.

VEB.RF and Doctor Ryadom ("Doctor Next Door") telemedicine company launched a federal project to provide all Russian citizens with free telemedicine care. Starting from March 31st, Russians are able to seek remote consultations not only with physicians, pediatricians and general practitioners, but also with doctors in key narrow specialties. Consultations will cover a wide range of issues related to various diseases, not limited to countering the spread of coronavirus infection. The project is created on the basis of medical, technological and industrial possibilities of the Doctor nearby with organizational and financial support of the state corporation VEB.RF for increase of availability of medical aid to the population during a pandemic.

SME Bank (part of VEB.RF group) is issuing interest-free loans to SMEs to pay their employees' salaries as a part of government support measures for businesses affected by the spread of coronavirus COVID-19. The new loan product for SMEs is aimed at urgent needs to support and preserve employment, in particular to pay salaries on a monthly basis within six months of the loan. For current customers of the Bank, interest-free loans will be issued under the most simplified procedure. The interest rate on the loans is subsidized by the Ministry of Economic Development of the Russian Federation, the loans are refinanced by the Central Bank, VEB.RF provides collateral in the form of a guarantee.

Russian Export Center (part of VEB.RF group) launched a hot line for exporters to provide them with up to date information about restrictions in movement of goods, support measures and any other information they would like to get to tackle the current crisis. Every week more than a hundred companies use the hotline to get help. A subsidy for transportation has been extended and a new business matching service has been launched.
https://xn--90ab5f.xn--p1ai/en/actions-against-the-covid-19

Greening finance in Russia for a post-COVID future
Press Centre, 16 april 2020
Alexey Miroshnichenko is the vice-chairman of VEB.RF, the Russian National Development Corporation established by the state to support finance for projects that contribute to the public good. Here he reflects on how COVID-19 is reshaping global priorities, and sets out how new policies are channelling investment towards sustainability in Russia.

At the end of March, I was looking forward to the Berlin Energy Transition Dialogue, where I was due to present the first-ever Russian Green Finance Standard – a new financial policy that has the potential to transform the Russian economy into a more sustainable one. Unfortunately, it didn't happen: the coronavirus pandemic made travel impossible, and the event was cancelled.

It is ironic, however, that the travel restrictions have done more for the environment than any climate conference so far. Satellite images show substantial drops in pollution levels over cities and countries under lockdown - a stark reminder that in many cases the interests of nature and the economy are in opposition: when we suffer the planet thrives. But as we sit in quarantine or spend weeks self-isolating, there is no better time to think about how to change this sad equation.

The new green finance standard being developed by VEB.RF serves this exact purpose. Russia has never been known for its environmental preservation efforts – even beyond extensive negative stereotyping abroad. Yet the facts paint a more favorable picture. Russia has 54 million hectares of protected natural areas, an area roughly the size of Spain or Thailand. Since 1990, its carbon footprint has decreased almost by 30 percent. The country signed the Paris Climate Accord in 2019 and has resolved to uphold it, gradually decreasing emissions and improving its policies.

But all this does not mean that there are no problems.

A January 2020 report by the Russian Accounting Chamber says 38.6% of Russia's population breathes polluted air, while 88% of the water used in agriculture and manufacturing did not meet decontamination standards. A January Levada-Center poll suggests such failings do not sit well with Russians, who place environmental issues at the top of the list of problems that humanity faces in the 21st century.

The government reacted to such concerns by adopting the “Ecology” national project two years ago. Running from 2018 to 2024, its goals include the liquidation of all 191 known illegal garbage dumps and reprocessing 60%of solid communal waste – an ambitious target, considering that only 3% currently undergoes such treatment. Big urban centers are being targeted for a 20% decrease in air pollution, while the logging industry will be made sustainable by replacing 100% of all trees culled, while the ecosystems of Lake Baikal and the Volga will be restored. And these are only some of the projects under the “Ecology” umbrella. After all, Russian forests, lakes and rivers are among the world’s biggest – so their importance extends far beyond national borders.

“38.6% of Russia’s population breathes polluted air, while 88% of the water used in agriculture and manufacturing did not meet decontamination standards.”

But the program comes at a cost - over 4 trillion Rubles, or roughly 50 billion Euros. And while the government will support it with 800 billion Rubles, the remaining sum will have to be found on the private market, both domestic and foreign.

Here’s where Russia’s national standard of green finance comes in. Intended for presentation later this year, it will outline ways of facilitating private investments into environmental projects of national importance.

The market for green bond and other debt instruments is almost non-existent in Russia at present. While the Moscow stock exchange opened a sustainable finance section in November 2019, so far only 5 issues of green bonds with a total value of approximately 80 million Euro are registered there.

Given the current absence of a green finance culture in Russia, market and government stimulus will be need to create momentum behind sustainable bonds. After placing bonds with a total value of 500 million Euro on the EU market in 2019, the Russian Railroad monopoly RZHD created an example of what this market stimulus might look like – they successfully reduced their borrowing costs and the issue was oversubscribed. For now, investors cannot hope for such premiums from the Russian market. But that is about to change.

VEB.RF chief Igor Shuvalov says the national standard will outline measures to make such bonds attractive for companies and investors. Planned are coupon subsidies, tax breaks, verification process subsidies and other measures to draw investment. The figures are still being worked through, but the stimulus will be sizeable enough to attract a wide range of companies.

In addition, companies will be able to issue green bonds through VEB.RF’s special project finance SPV that will allow firms to obtain government guarantees if the project is deemed critically important to achieving the targets of the “Ecology” program. As a national development institution, we intend to include the terms of the standard in our lending process and supplement state incentives with our own; for example, by reducing the loan rates for sustainable projects.

The standard will be based on international CBI and ICMA criteria to be compatible with the demands of the EU and British stock exchanges and investors. It will exclude new coal projects (although coal plants account for less than 16 percent of all electric generation in Russia) and will include a maximum threshold of carbon emission for projects in different spheres such as waste management, energy production, construction, manufacturing, transport, water management, forestry, landscape and biodiversity conservation and adaptation to climate change

VEB.RF will be positioned as the verifying agency, managing the standard itself and updating it through an expert council composed of state officials, environment experts and businesspeople with a credible environmental portfolio. The competence center will authorize independent private rating agencies (second level verifiers) to issue certificates of approval of green status to the bonds and projects of the market players. These private agencies will also be obliged to track the implementation of the project and ensure that money from bond sales are truly spent on the stated objectives.

Easing the garbage crisis is the first practical benefit of the project. The growth of solid communal waste in the 2010s resulted in the near-collapse of the Russian garbage disposal infrastructure – designed and built decades before today's consumer culture. Illegal dumpsites started to mushroom across Central Russia, leading to mass protests. The picture has improved somewhat with a VEB.RF investment of $1.7 billion into the construction of four huge waste-to-energy plants using Hitachi Zosen Inova technology in the Moscow region. When they go online at the end of 2022 they will be capable of processing 2.8 million tons of garbage a year – that's 35% of all waste in the Moscow region.

"As we contemplate the clearing waters and more breathable air, we realise that there must be better ways to deal with pollution than an epidemic of world proportions."

This, unfortunately, is not enough. Creation of a national system of waste reprocessing is a monumental task, and waste-to-energy plants must be supplemented with recycling facilities to avoid loss of valuable resources. We hope that with the help of the national standard, Russian private and public companies will be able to attract money to finance such projects.

Though ambitious for Russia, we recognize that our efforts are only a small part of global efforts to curb pollution and greenhouse gas emission. Yet achieving the targets of the Paris Agreement is possible only through the concerted effort of all nations.

As we contemplate the clearing waters and more breathable air in countries most severely affected by the pandemic we all know that there are better - and more lasting - ways to clear the skies and the rivers than an epidemic of world proportions. Let us hope that once this emergency has passed, it will leave all of us determined to increase our efforts in achieving a sustainable balance between humankind and nature.
Alexey Miroshnichenko, VEB.RF
https://xn--90ab5f.xn--p1ai/en/press-center/43504/