ALIDE Asociación Latinoamericana de Instituciones Financieras para el Desarrollo

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

REPORT N°7

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How DFIs are responding to the COVID-19 crisis
Adva Saldinger//29 April 2020
https://www.devex.com/news/how-dfis-are-responding-to-the-covid-19-crisis-97081
WASHINGTON — The role of development finance institutions has expanded in the past decade, as more have been created and they have been allocated greater amounts of capital. But amid the COVID-19 pandemic, they face the test of whether their plans will work and whether they can live up to the greater responsibility they have been given.
With a crisis that has seen economies brought to a standstill, nearly US$100 billion of private investment retreat from Africa, and about US$100 billion drop in global remittances, DFIs are grappling with how to most effectively respond.

"I don't think we can afford to have these institutions on the sidelines during the crisis," said Nancy Lee, senior policy fellow at the Center for Global Development. "DFIs have to rise to these challenges. It is an essential time for them to demonstrate their value as development actors."

While there is still a lot of uncertainty about the scope of the pandemic's impact, DFIs are preparing plans and looking to address both immediate and long-term needs. Several DFI leaders who spoke with Devex said that they must act with urgency and be countercyclical in their investments and focused on getting investments out the door quickly to help companies stay afloat and retain employees.

Some also said that they had learned the lessons of the past, specifically in the financial crisis a decade ago, when DFIs and international financial institutions pulled back on their investments and were too slow to act.

"It's very important that DFIs are able to continue operating when other investors are leaving or ceasing additional financing for these markets," said Soren Andreasen, general manager at the Association of Bilateral European Development Finance Institutions, or EDFI. "DFIs need to find ways to put balance sheets to good use in response to the crisis."

A phased approach
Most DFIs appear to approach their COVID-19 response strategies through a phased approach, concentrating first on immediate needs and then looking at their role in the recovery process.

"It is an essential time for them to demonstrate their value as development actors."
— Nancy Lee, senior policy fellow, Center for Global Development

DFIs have largely aimed their initial response at helping existing clients — to both protect those investments and preserve the development impact, the DFI leaders said.

"DFIs need to be countercyclical, need to fill that gap, and need to protect what they've already done," said Nick O'Donohoe, CEO at the U.K. DFI CDC Group. For his organization, that means supporting some 1,200 companies that employ about 800,000 people, he added.

The key need in the markets where the DFIs invest is access to working capital and loans that will help companies survive, so most of the institutions are focused on providing liquidity, primarily through existing clients or relationships, the DFI leaders said.

Some DFIs will concentrate their efforts on specific industries or types of companies, with several looking to support local financial institutions that lend to small- and medium-sized enterprises and women-owned businesses.

Dutch development bank FMO is also working with current clients to restructure loans as it determines their needs, according to its chief executive, Peter van Mierlo.

Several DFIs are also aiming to invest in health care companies that can help in the response. The U.S. International Development Finance Corporation is considering deals to support African manufacturers of ventilators or personal protective equipment in the short term. It will be launching a broader health initiative focused on home-based medical care and using technology to support health needs, rather than building up heavy infrastructure, said Adam Boehler, CEO at DFC.

Most of the emphasis is on lending instruments that are simple, rather than innovative facilities that take a long time to set up, approve, and execute, EDFI's Andreasen said.

The key products that FMO is looking at include liquidity financing, loan restructuring, local currency lending, and guarantees, van Mierlo said. CDC said it would concentrate on products it typically uses, so while it doesn't do much foreign currency lending, it can provide guarantees to local institutions to help address the risks, O'Donohoe said.

DFC, which has a new ability to do foreign currency transactions, is evaluating where it might provide those loans on a case-by-case basis, Boehler said. But the immediate priority is liquidity financing, he added.

FinDev Canada is also focused on providing financial institutions and private equity funds with liquidity, said Paulo Martelli, director of investments at FinDev Canada, which has accelerated its investment process so it can approve some deals within 60 days.

FinDev has seen demand increase already, and while it was planning on ramping up its investing even before the pandemic, COVID-19 has accelerated this even further. The organization is on track to invest double what it did last year, Martelli added.

And it is not alone. While existing pipeline investments may slow, DFI leaders told Devex that they expect investments to increase in response to and in the wake of COVID-19.

"We are accelerating through this," Boehler said. "This is the time we are most needed."
Risk, pricing, and a changing business environment

The work of DFIs won't get easier, because just as they are grappling with potential losses to their balance sheets, they also need to take on riskier investments, consider how to price their loans, and adapt to a changing business environment.
Prior to the crisis, DFIs often competed for clients and investments and sometimes struggled to explain their additionality. But COVID-19 has changed that, Lee said. Now there will be no shortage of demand for DFI financing, and it will be much easier to prove that they are not crowding out private capital in places where capital markets have essentially shut down, she said.

Even as DFIs work to stabilize their investments, they should not lose sight of the preexisting push to make more investments in low-income countries, which will now face the most binding financial constraints, Lee said. Existing clients tend to be in middleincome nations, so DFIs will have to "make a conscious effort" to find deals in low-income countries.

"The worst thing would be to abandon efforts to increase investments in those countries when the need is greater," she said.

FinDev Canada will continue working in the same markets it always has, and Martelli said he doesn't believe the organization's risk appetite will change. It will continue to look at bankable deals in each of the countries where it invests, even if the ratings in a country have dropped, he said.

"We are accelerating through this. This is the time we are most needed."
— Adam Boehler, CEO, DFC

CDC needs to "be reasonably prudent when it makes investments" and, at the very least, preserve its capital, but it has flexibility to make riskier investments, O'Donohoe said.

In 2017, CDC created a separate pool of capital — the Catalyst portfolio — that is designed to take on more risk and accept lower returns for additional development impact, and the flexibility it provides will be important in responding to the COVID-19 crisis, he said.
"Once we're in the recovery phase, it's the DFI's responsibility to be on the front foot leaning into risk," O'Donohoe said, adding that CDC will need to continue investing more on the riskier end of the spectrum.

While there are additional risks, which could make it harder to invest, other factors — including the low cost of capital — can help offset those challenges for DFC, Boehler said.

"It goes without saying" that FMO will need to take on more risk than it used to if it wants to continue playing the same role, van Mierlo said, adding that he expects its risk profile to go up, though it will still have to play by bank rules. One solution is to take on more risk in collaboration with other investors so the risk is shared, he said.

Necessity of cooperation

As DFIs search for ways to speed their work, adapt to current travel constraints, and respond most effectively, many are also looking to their peers to see how more cooperation, rather than competition, might help them all.

Enhanced cooperation is important because the only way to "address the massive risks and deterioration of economies and sectors is to share risk across the balance sheets of these institutions," Lee said. "The reasons for collaboration could not be stronger."

For FinDev Canada, cooperation is critical to deploy funding quickly, especially with a small client base, Martelli said. It is turning to other DFIs with staff in countries where it operates to identify investment opportunities, he said.

"This was ongoing before the current crisis, but now it is much more important," Martelli said.

A group of DFIs in the DFI Alliance have committed to working together in the response, though risk sharing, guarantee agreements, and capital arrangements are not yet forthcoming at scale from bilateral DFIs, Andreasen said.

"Once we're in the recovery phase, it's the DFI's responsibility to be on the front foot leaning into risk."

— Nick O'Donohoe, CEO, CDC Group

A key area being explored by the alliance is how different DFIs might be able to share their due-diligence processes and pipelines. There is limited ability to do due diligence online, and without being able to travel, it will be difficult to move new investments forward, van Mierlo said. FMO and others are considering how to improve due-diligence work and how they could cooperate with other DFIs to professionalize the processes and use one another's findings.

DFIs need that cooperation to be able to respond quickly, Boehler said.
"If you don't look at it that way, you will not be able to be directly responsive to the crisis," he said.

DFIs also need to figure out how to price loans in a way that partly compensates for the increased risk but doesn't create a situation where clients are worse off if they accept an investment from DFIs. Loan pricing is an area ripe for collaboration, where DFIs could create a coherent approach and avoid competing on loan prices, Lee added.

One of the issues being discussed by the group of European DFIs is how they might have a stronger response to Africa operations in the next six months, potentially through an additional $2 billion in risk-sharing capacity, Andreasen said.

But whether they can participate and how they respond may not be up to DFIs themselves; some may need support from their countries, shareholders, or boards to boost their response or inject additional capital, he said.

"There's a need for political leadership. It can't come just from DFIs themselves; they need support on the government and parliamentary side to be able to move it forward," Andreasen said.

Multilaterals spin a global web to contain coronavirus
Euromoney, May 05, 2020
Elliot Wilson
From the World Bank to the African Development Bank, multilaterals are pooling cash and human resources to combat the impact of Covid-19 on members. They're doing a good job with what they have, but, in a capital-constrained world, should they be mobilizing more?

Multilateral development banks exist for these moments. Events like the Covid-19 pandemic can define young MDBs and inject new life into veteran institutions.

This can cut both ways. After the Arab Spring, the European Bank for Reconstruction and Development swiftly expanded its reach into North Africa, providing financial aid and stability. However, the global financial crisis was more of a mixed moment for multilaterals.

In a World Bank report published in late 2009, the MDB accused itself of being "surprised" at the scale and speed of the Lehman Brothers shock and of taking "several months" to develop a coherent strategy.

Now is the time to streamline the processing of financial assistance and get rid of red tape - Jin Liqun, AIIB

On April 2, it announced plans to deploy US$160 billion over the next 15 months to bolster global growth, support small and medium-sized enterprises, and protect the poor and vulnerable.

Of the total, US $50 billion is to be channelled to less-developed countries by the International Development Association (IDA), the division of the World Bank that helps the world's poorest countries.

A further $80 billion in funding will be committed by regional multilaterals: the EBRD, Asian Development Bank (ADB), African Development Bank (AfDB), Inter-American Development Bank (IDB) and European Investment Bank (EIB), as well as the new kid on the block, the Asian Infrastructure Investment Bank (AIIB). That brings the total to US$240 billion.

Each MDB faces the same basic set of questions. How fast can it scale up lending? Is US $240 billion enough to tackle this unprecedented challenge? Where will the funds go, and can they be put in the hands of those who need them most quickly and efficiently? Jin Liqun, AIIB

A systemic crisis like this, AIIB president Jin Liqun tells Euromoney, forces international financial institutions "to act – and act quickly. Now is the time to streamline the processing of financial assistance and get rid of red tape. "It is crucial to be creative, innovative and cooperative in rendering effective support to their members."

So far, that's exactly what they're doing.

From the start, Washington chose to take the lead on coronavirus. Each week the heads of all the big MDBs take part in a virtual get-together led by either World Bank president David Malpass or IMF managing director Kristalina Georgieva.

"We do a tour [of the] table and talk about the many challenges we have," says the president of the IDB, Luis Alberto Moreno.

It's an invaluable chance for MDB chiefs to talk frankly and openly to their peers.

Symmetry is sought, as multilaterals seek to identify what country or project needs its help most, then crowd as much capital into it as fast as possible.

Asia
emerges from the frantic weeks of recent activity is a spider's web of projects. Some overlap while many are country- or region-specific.

Between December 31, when the outbreak was first reported by China to the World Health Organization, and April 14, the World Bank approved US$12.6 billion in new lending, with US$3.1 billion for low-income countries, according to data from the Center for Global Development (CGD), a London and Washington-based think tank.

Both figures are slightly higher than the equivalent numbers a year ago – US$10.5 billion and US$2.6 billion.

Another US$18.5 billion in World Bank lending is in the pipeline for the rest of 2020, although that will rise to meet soaring demand for capital from all quarters.

New loans approved by the IDA in the year to April 14, earmarked for the poorest nations, total US$3 billion, with a primary focus on Africa and south Asia.

The first batch of loans, part of the World Bank's new fast-track facility response, sets out to "save lives and help detect, prevent and respond to Covid-19", according to its head of operations Axel van Trotsenburg

It includes aid for the poorest countries in every region, such as Haiti (US$20 million), Yemen (US$26.9 million), Afghanistan (US$100 million) and the Kyrgyz Republic (US$12.2 million).

We will support domestic and cross-border trade, and increase access to working capital and local currency financing - Tomoyuki Kimura, ADB

Every region of the world is in a perilous position, but each is working to a different coronavirus chronology and a distinct set of challenges.

Asia, hit first and hardest, is at one end of the time spectrum. On April 13, ADB president Masatsugu Asakawa unveiled an expanded $ US$20 billion financing package to tackle coronavirus.

Around $6.2 billion of this 'new' capital already exists – it was simply redirected from projects stalled or scrapped in early 2020. Within five days it had disbursed $66.5 million in loans to projects in 28 countries.

Like its peers, the Manila-based ADB wants member states to be equipped with enough medical equipment and testing facilities. But with new cases falling sharply in April in China and Korea, the emphasis will switch to supporting small businesses, tackling joblessness and getting economies back on their feet.

In Asia, the workshop of the world and a region filled with countries reliant on cyclical income from remittances and tourism, a key focus is the private sector. The ADB's expanded package includes US$2.5 billion in concessional and grant resources and US$2 billion to support the private sector across emerging Asia.

ADB "We will support domestic and cross-border trade, and increase access to working capital and local currency financing," says the director general in charge of strategy, policy and partnerships,

While most of the funding is short-term in nature, "this is what is needed most at the moment," he adds.

Asia's new multilateral, the AIIB, is taking a different tack as it aims to learn from its first external crisis and put its capital to good use. On April 19, it doubled the size of its Covid-19 Crisis Recovery Facility to US$10 billion.

So far, some of its actions are like those of a typical development bank. It is working with the ADB to extend fiscal and budgetary support to member states (including 35 non-Asian sovereigns) and to channel capital to Asian banks that then on-lend to struggling sectors and clients.

But in line with the AIIB's name and identity, its chief aim is to build infrastructure – a useful goal at a time when everyone needs more hospitals and clinics.

Since the start of April the bank has disbursed US$170 million to improve sanitation in the Bangladesh capital, Dhaka, and $355 million to China to upgrade its public health system

The AIIB is also reviewing a host of existing projects with other MDBs, including a US$500 million loan to strengthen India's health system and a $250 million loan to make Indonesia more pandemic-ready. Both are co-financed with the World Bank.

Latin America
At the other end of the time spectrum is Latin America. Coronavirus arrived there later, and is unlikely to peak until at least late May, according to IDB chief Moreno. That may be both a curse and a blessing.

On the plus side it has given the region time to adapt and the world a chance to find effective treatments.

Yet Latin America is also in a weaker state than it was the last time a global crisis hit in 2008, the IDB admits.

Its chief economist Eric Parrado believes the region will suffer "an economic shock of historic proportions".

The worst scenario involves a 14.4% fall in economic output in the three years to the end of 2022.

Moreno says there are opportunities for the IDB and World Bank to work together to fund countries where banks' credit limits have been hit.

"Specifically with rapid-disbursement policy-type lending, which are typically associated with reforms, [working together] can help make disbursements quickly," he says.

In a moment of unprecedented global crisis, recognizing the backstop value of this capital makes sense - CGD

He notes that capital, like the coronavirus, has no sovereign loyalty and moves across borders with impunity. The IDB is working hard to maximize financial support from the World Bank and two European national development agencies, Germany's KfW and France's AFD.
But Moreno fears that some global banks may follow their 2008 playbook and redeploy capital out of the region as shocks emerge at home. To that end, the IDB is channelling more capital into trade finance, to help support jobs, companies, and regional and smaller banks.

Latin America's multilateral is dedicating US$12 billion to fighting the virus, including US$3 billion to tackle a looming healthcare crisis.

A US$2 billion, five-year sustainable bond, priced on March 30, helped top up the pot. It is working both alone and alongside the World Bank to channel additional funding of US$1.7 billion to countries in central America in 2020. Africa

Africa

Africa perhaps faces the greatest existential threat from the coronavirus, where the activities of the global and regional multilaterals interplay and overlap.

Most of the continent's countries are poor by European or east Asian standards; its supply chains are brittle and localized; and many of its banks, while solidly capitalized, are vulnerable to shocks.

The problems are immense. The African Union warns of 20 million lost jobs and the WHO of up to 10 million coronavirus cases over the next six months. The World Bank forecasts economic output in sub-Saharan Africa to shrink by up to 5.1% in 2020.

With agricultural output set to shrink by up to 7% this year and food imports likely to contract by as much as a quarter, not to mention a locust crisis in east Africa, the World Bank warns that Covid-19 could create a severe food security crisis.

For all the problems elsewhere, it's little wonder the eyes of the development community are fixed on Africa.

Speaking in mid April, World Bank chief Malpass said of the 100 countries it would have working Covid-19 projects in by the end of the month, "most of them" will be in sub-Saharan Africa, with a particular focus on the Sahel and the Horn of Africa.

Of the US$9.51 billion in total IDA loans, approved and pending, since the start of 2020, US$5.17 billion or 54% is earmarked for projects in just four African states: Ethiopia, Tanzania, the Democratic Republic of the Congo and Uganda, according to CGD data.

The first Covid-19 loans by the IDA were disbursed in April to Ethiopia and Congo to train medical staff and boost health system capacity.

The IMF is busy "providing financing as quickly as possible," says the director of the Fund's African department, Abebe Aemro Selassie.

He says "at least 20 countries from sub-Saharan Africa have requested additional financing" via the IMF's rapid credit facility, which offers concessional financial aid to any low-income country, equal to 50% of its IMF quota.

The IMF was an early mover on coronavirus. On March 4, it made US$50 billion in fast-disbursing financing available to low-income countries, US$10 billion of it at zero interest.

Selassie says a "a coordinated response" to the crisis is "essential", adding that the IMF is working closely with the WHO and World Bank to ensure they "dovetail together" to provide coordinated support to needy countries.
On April 8, the African Development Bank rolled out its Covid-19 Response Facility to provide up to $10 billion to governments and the private sector.

AfDB AfDB president Akinwumi Adesina says the package included US$5.5 billion to support regional sovereigns and US$1.35 billion to bolster private-sector firms and banks. On March 27, the bank printed a Fight Covid-19 social bond, raising $3 billion and marking the supranational's largest-ever US dollar deal.

Elsewhere, the European Investment Bank has unveiled €5.2 billion in emergency funding for its non-EU operations. Most will be deployed in Africa to improve the state of its health sector and provide liquidity via local banks to SMEs.

The International Finance Corporation (IFC), the private-sector arm of the World Bank, is focused on the disbursal of $8 billion in fast-track financing to 300 of its most needy clients; while on April 23 the EBRD expanded the size of its Covid-19 Solidarity Package to €4 billion from €1 billion. The first approvals were announced on April 16, when the London-based multilateral allocated US$150 million in trade finance facilities to three banks in Uzbekistan.

Two big questions
So far, in the face of the second great crisis of the 21st century, the development community has successfully stepped up to the plate. Two big questions loom in the medium term.

First, can global policymakers convince interested parties – from sovereign states to institutional investors and the multilateral community itself – to pause debt repayments for the world's poorest countries?

It won't be easy, but the issue won't go away: Ecuador and Zambia have been forced to seek debt restructurings; more will follow.

Second, is the total amount pledged by all multilaterals over the next 15 months to tackle Covid-19 – $240 billion – enough? While a big figure, it is unlikely to stretch the finances of the development community. Most MDBs including the World Bank and the AfDB entered this crisis with their finances in better shape than ever.

Writing on March 26, the CGD noted that if you include their 'surge' capacity of $531 billion, five of the largest multilaterals had the collective ability to lend "in excess of $1 trillion". That would double their current aggregate exposure.

However, that would require a shareholder of a multilateral to recognize the underlying value of its backstop as callable capital. No MDB has ever had to draw on that capital, in part because no MDB has ever threatened to default on its debts.

But is it time to rethink policy, given that the World Bank's callable capital makes up 94% of its total subscribed capital?

"In a moment of unprecedented global crisis, recognizing the backstop value of this capital makes sense," the CGD wrote.
In a year that has brought us pandemics and locusts, that could happen
https://www.euromoney.com/article/b1lhcxpgxntdcs/multilaterals-spin-a-global-web-to-contain-coronavirus

- **Asian Development Bank**

Asian Development Bank grants US$1.5 billion loan to India to tackle Covid-19 outbreak
India Today, April 28, 2020
The loan was granted under ADB's Covid-19 Active Response and Expenditure Support (CARES) Programme.
The Asian Development Bank has agreed to grant India a loan of USD1.5 billion. This amount will be used to focus on the containment and prevention of the novel coronavirus along with ensuring social protection for economically vulnerable sections of the society, especially women and disadvantaged groups.

This loan has been signed under ADB's Covid-19 Active Response and Expenditure Support Programme (CARES Programme). The signatories include- Additional Secretary of the Department of Economic Affairs in the Ministry of Finance (Fund Bank and ADB) Sameer Kumar Khare and Kenichi Yokoyama, Country Director, ADB (India).

In a statement, Sameer Khare said, "We thank ADB's timely assistance for the government's immediate response measures to the coronavirus pandemic to implement (i) Covid-19 containment plan to rapidly ramp up test-track-treatment capacity, and (ii) social protection for the poor, vulnerable, women, and disadvantaged groups to protect more than 800 million people over the next three months."

The Asian Development Bank had started the 'CARES Programme' to provide immediate requirements to governments in the face of this global crisis.

Apart from the loan, ADB is also constantly consulting the government on further assistance to provide a stimulus for economic growth.

This includes support for affected industries and entrepreneurs, particularly micro, small, and medium-sized enterprises (MSMEs) by facilitating their access to finance through credit guarantee schemes, MSME integration into global and national value chains through enterprise development centres and a credit enhancement facility for infrastructure projects.

Strengthening of the public delivery system (PDS) will also be an important part of the agenda, including the extension of comprehensive primary healthcare services in urban areas, and of secondary and tertiary healthcare systems through PPP modalities.
https://www.indiatoday.in/amp/business/story/asian-development-bank-grants-usd-1-5-billion-loan-to-india-to-tackle-covid-19-outbreak-1672250-2020-04-28

Japan to Support ADB Developing Member Countries' Response to COVID-19 Challenges
News Release | 30 April 2020
MANILA, PHILIPPINES (30 April 2020) — The Asian Development Bank (ADB) has provided several targeted interventions to support its developing member countries (DMCs) in combating the effects of the novel coronavirus disease (COVID-19) pandemic from its early stages. In support of ADB's effort, the Government of Japan is committed to providing emergency support of $150 million through the Japan Fund for Poverty Reduction (JFPR) and the Asia Pacific Disaster Response Fund (APDRF) to help DMCs strengthen their capacity to contain the spread of COVID-19.

"While ADB is collaborating with UN agencies and other development partners to provide rapid support to DMCs to quickly prepare for COVID-19, this funding from Japan will also help to strengthen country systems and ensure sustainability in the response to pandemics," said Director General of ADB's Sustainable Development and Climate Change Department Woochong Um. "Strong health systems are needed to ensure robust disease surveillance, well trained and equipped health workforces, targeted evidence-based interventions, and sound clinical care."

Following a $6.5 billion initial package, ADB announced on 13 April to triple the size of its response by adding $13.5 billion in resources to help its DMCs counter the severe macroeconomic and health impacts caused by COVID-19. The $20 billion package includes about $2.5 billion in concessional and grant resources. Japan's contribution is on top of the package. Visit ADB's website to learn more about our ongoing response.

https://www.adb.org/news/japan-support-adb-developing-member-countries-response-covid-19-challenges

- **CABEI**

CABEI plans bond return after setting new benchmark
Latin Finance, April 30, 2020
Jo Bruni
Central American development bank CABEI plans to return to the market to raise up to another $500 million before the end of the year, following a $750 million bond sale on Wednesday, Jesús Guzmán, head of capital markets at the development bank, told LatinFinance.

"We plan to continue issuing as becoming a frequent issuer is a part of our strategy," Guzmán said.

CABEI carried out its largest bond sale to date on Wednesday, printing $750 million in five-year bonds in its first issue in the sovereign, supranational and agency (SSA) market with a AA rating, he said.

The multilateral lender had planned to issue $500 million in three- to five-year bonds, but it raised the size of the offer to $750 million after receiving close to $900 million in orders.

With Citi, Crédit Agricole and HSBC as joint bookrunners, CABEI priced the new 2% 2025 notes at 99.986 to yield 2.003%, according to sources involved in the deal.

The initial price talk started at around around 170 basis points over mid-swaps before the deal launched with a spread of 160 basis points, one source said.

More than 75 accounts bought CABEI's latest bonds with 47% of buyers from Asia, 27% from the United States, 19% from Europe, 4% from Latin America and 3% from Africa, the development bank said in a statement. Buyers included other SSAs, central banks, asset managers, hedge funds and commercial banks, among others, it added.

CABEI will use the money to fund part of a $1.96 billion emergency lending program that it launched earlier this month to address the economic impact of the coronavirus pandemic in Central America, it said. The program includes $600 million in emergency loans for member nations, $1 billion for central banks and $350 million to strengthen financial systems in the region.

CABEI announced on April 20 that it had increased capital to $7 billion from $5 billion, with pledges of at least $255 million from each of its founding members countries, Guatemala, El Salvador, Honduras, Nicaragua and Costa Rica.

The 40% increase in capital raised the bank's lending capacity by roughly 45%, or approximately $1 billion, to more than $3 billion a year, according to CABEI.

In March this year, CABEI issued MXN6 billion ($253 million) in floating-rate notes in Mexico, while in February it got a loan from the German development bank KfW for €31 million ($33.7 million).

In its last cross-border bond deal in November last year, CABEI placed $375 million worth of five-year green bonds at 85 basis points over Libor. After that, it signed a €180 million credit line from the French development agency AFD in December.

The development bank had $5.5 billion worth of bonds payable and $1.16 billion worth of loans payable on its balance sheet at the end of last year.
https://www.latinfinance.com/daily-briefs/2020/4/30/cabei-plans-bond-return-after-setting-new-benchmark

CABEI financing for the electric train contemplates immediate fiscal needs of Costa Rica
News, May 04, 2020
The US$550 million in resources approved for the project do not immediately pressure national indebtedness.
San José, May 04, 2020. – The financing amounting to US$550 million with which the Central American Bank for Economic Integration (CABEI) will support the Government of the Republic of Costa Rica to carry out the construction, equipment and startup of the Electric Passenger Train for the Greater Metropolitan Area (GAM) will be disbursed pursuant to the construction and operational milestones that the concessionaire meets.

The disbursements made by the Government to the concessionaire with CABEI credit resources will be proportional as each railway line is ready to operate, including all the quality elements for use by the citizens.

The repayment of the debt will begin twelve years subsequent to the approval of the financing, providing an important period for the growth of the country' Gross Domestic Product (GDP), allowing for adjustments of public finances and the development of infrastructure without increasing immediate indebtedness.

For CABEI Executive President, Dr. Dante Mossi, the fact that the financing has been approved by the Bank in this way allows both the Government and CABEI to ensure the efficiency of expenses, investing public funds in works that could be used immediately by citizens, as well as finalizing the construction and starting operation as soon as possible.

Dr. Mossi highlighted that, "CABEI is committed to supporting its member countries in their economic recovery and investment in infrastructure. Without a doubt, the project will generate hope since, in addition to modernizing public transportation through a 100 percent environmentally-friendly route, it will also generate approximately 2,700 sources of employment."
The CABEI financing, which contractually can only be used for the Electric Passenger Train, has a 25-year term with a 5-year grace period and no commitment commission, which means that the Government of Costa Rica will not have additional financial charges during project execution.
https://www.bcie.org/en/news-and-media/news/article/financiamiento-del-bcie-para-el-tren-electrico-contempla-las-necesidades-fiscales-inmediatas-de-costa-rica

CABEI approves US$193.2 million to Guatemalan healthcare system
News, May 04, 2020
Guatemala City, May 04, 2020.- The Central American Bank for Economic Integration (CABEI) approved financing for the Republic of Guatemala amounting to US$193.2 million. The resources are aimed at the Ministry of Public Health and Social Assistance, specifically for the Hospital Infrastructure and Equipment Investment Program.

The contract was signed by Guatemalan Public Finance Minister, Mr. Álvaro Gonzalez Ricci, and CABEI Country Manager for Guatemala, Mr. Trevor Estrada. It is noteworthy that US$79.0 million of the US$193.2 million will be provided by the Korea Development Co-Financing Facility for Central America; an agreement between the Ministry of Economy and Finance of the Republic of Korea and CABEI.

The CABEI 2020-2024 Institutional Strategy promotes the hospital infrastructure agenda of its member countries, supporting relevant initiatives such as this one in order to modernize and recover the installed capacities of the hospital network in the departments of Alta Verapaz, Jutiapa and Suchitepéquez.

The investment will enable the complete renovation of each hospital through the design, construction and equipment of 56,950 square meters of new facilities to be located on new premises, and a substantial improvement in care with a total of 670 hospital beds.

CABEI Executive President, Dr. Dante Mossi highlighted the importance of having a member such as the Republic of Korea, which has already generated a positive and immediate impact in the region through the Bank. He added that, "In addition to resources, Korea has also provided knowledge on infrastructure and health. On my most recent trip, I had the opportunity to visit hospitals in Seoul that have a streamlined investment efficiency in the sector. The Bank will continue working to strengthen and improve sanitary conditions in benefit of its member countries."

In addition, the program aims to improve and increase the capacity of national hospitals in Chiquimula and Sololá. In total, the works involve an improvement of 15,980 square meters of existing infrastructure, the construction of 63,495 square meters of new infrastructure, the procurement of 2,179 medical equipment units and an increase in installed capacity in terms of hospital beds with 220 beds, reaching 1,040 hospital beds.

This investment is expected to increase the number of patients attended per year by 37.1 percent, (31,253 people), of which 50.7 percent are estimated to be women. Likewise, it is intended to benefit the population of the target area, which is estimated at 6,640,650 inhabitants and live in the departments of Suchitepéquez, Retalhuleu, Escuintla, Santa Rosa, Jutiapa, Jalapa, Alta Verapaz, Baja Verapaz, Quiché, Sololá, Totonicapán, Chiquimula and Zacapa.

The program will generate an average annual income for the State of US$3.85 million and annual savings of US$689.60 thousand, which will contribute to reducing maintenance costs at the aforementioned hospitals.
https://www.bcie.org/en/news-and-media/news/article/el-bcie-aprueba-us1932-millones-para-el-sistema-sanitario-guatemalteco

- **CAF**

Latin American development bank commits US$4 billion in financing for Argentina
Latin Finance, May 6, 2020
Daniel Bases, Jo Bruni
CAF, the Development Bank for Latin America, said late on Tuesday it would approve a four-year $4 billion package of financing earmarked mainly for infrastructure projects in Argentina, adopting proposals that had been under consideration since November, but also include money to help the country fight the COVID-19 pandemic.

CAF reiterated its commitment to Argentina in a video conference between CAF Chief Executive Officer Luis Carranza Ugarte and Argentine President Alberto Fernández. A similar announcement made by the government said the funds this year would include $340 million to address the current health crisis.

In Tuesday's statement, CAF said $900 million would be delivered to Buenos Aires in 2020 for investment to build out infrastructure projects but also include two fast lines of credit. The first line would be for $40 million to help strengthen the government's emergency response in the provinces and the second for $300 million would help promote social policies for the most vulnerable parts of the population.

In November, Ugarte announced the plans in a meeting with then President-elect Fernández, according to the state news agency Télam. The money was to go to projects to modernize infrastructure, foster competitiveness, strengthen institutions and improve urban mobility.
https://www.latinfinance.com/daily-briefs/2020/5/6/latin-american-development-bank-commits-4-billion-in-financing-for-argentina

CAF raises coronavirus relief funds in bond market
Latin Finance, May 8, 2020
Jo Bruni
Latin American development bank CAF sold US$800 million worth of three-year bonds on Thursday, raising money for its COVID-19 response as it underpins its countercyclical role in Latin America, according to a source involved in the deal.

CAF priced the new 2.375% 2023 notes at 99.779, or 220 basis points over mid-swaps, in line with the initial price talk and guidance, the source said. Barclays, Citi, HSBC and JPMorgan were the joint bookrunners, he added.

CAF said in a securities filing that it will use the money to finance part of a US$2.5 billion emergency credit line that it approved in March. Eight member nations – Argentina, Bolivia, Colombia, Ecuador, Panama, Paraguay, Trinidad and Tobago and Uruguay – have accessed financing from the emergency line, according to CAF.

On Wednesday, for example, the bank said it granted a loan to Panama for up to US$350 million to go along with a previously approved credit line for $50 million for the national healthcare system. It also said it approved $50 million for coronavirus relief in Uruguay on Tuesday and US$50 million in Trinidad and Tobago last month.

CAF CFO Gabriel Felpeto said during a webinar in late April that multilateral institutions like CAF have to strengthen their countercyclical roles as preferred sources of funding for member countries during a crisis like the coronavirus pandemic.

The development bank follows other multilateral lenders, including the IDB, IDB Invest and CABEI, that went to the bond market to raise funds for emergency loan programs since the crisis started.

In February last year, CAF sold US$1.25 billion in dollar-denominated bonds with a coupon on 3.25%, following the sale of €750 million (US$813 million) in five-year euro-denominated bonds the month before. Since then, however, Fitch Ratings downgraded CAF to A+ due to its exposure to Venezuela, Argentina and Bolivia.
https://www.latinfinance.com/daily-briefs/2020/5/8/caf-raises-coronavirus-relief-funds-in-bond-market

Ecuador adds CAF loan to multilateral haul
Latin Finance Daily Briefs May 11, 2020
Moreno government brings in US$1.5 bln from international financial institutions in one wee
Ecuador got $400 million in emergency funds from Latin American development bank CAF on Friday, bringing the total amount raised from multilateral institutions this week to US$1.5 billion.

Ecuador took out the latest loan at "very favorable terms for the country," Finance Minister Richard Martínez said in a tweet.

The CAF financing comes in two parts with US$350 million in 20-year loan at 2.5% and US$50 million in a 12-year loan at 2.4%, according to a Twitter thread from the Finance Ministry. The 20-year loan has a grace period of six months and the 12-year has two years, it said.

The $50 million loan will "counteract the impact of COVID-19 in the coming months," while the larger loan will go to a government program to "contain the social, economic and financial emergency," the ministry said.

Earlier the same week, Ecuador secured US$643 million in emergency funding from the International Monetary Fund and US$500 million from the World Bank.

Investors reacted favorably to Ecuador borrowing from multilaterals – "It will attenuate the country's crisis," one said – but it may not have much influence in talks with bondholders.

"The multilateral funds have no bearing on policy framework on creditor relations," said Siobhan Morden, head of Latin America fixed income strategy at Amherst Pierpont Securities in New York. "Ecuador has been rallying for weeks on their pragmatism to approach bondholders in an orderly and rational way."
https://www.latinfinance.com/daily-briefs/2020/5/11/ecuador-adds-caf-loan-to-multilateral-haul

- **Business Development Bank of Canada**

Business Development Bank of Canada launches Bridge Financing Program to support Canadian venture capital-backed companies impacted by COVID-19
Lexology, April 29, 2020
Gowling WLG - SCOTT MCLEMAN, STEPHEN KING and Marco Wai
As the impact of the novel coronavirus (COVID-19) continues to be felt worldwide, many Canadian technology companies are facing unprecedented challenges posed by business interruptions, ongoing operating costs and expenses, and liquidity concerns. In response, BDC Capital, the investment arm of Business Development Bank of Canada (BDC), has recently launched the BDC Capital Bridge Financing Program, to maintain and protect the growth of the Canadian venture capital sector.

Under the Bridge Financing Program, BDC may co-invest in eligible Canadian companies alongside a syndicate of investors containing a "qualified investor" in a current financing round and on a dollar-for-dollar basis up to a maximum of a $3-million investment by way of a convertible note.

The program complements previously announced relief measures the Government of Canada has introduced to mitigate the impact of the COVID-19 pandemic on Canadian technology companies – including the provision of $250 million to assist innovative early-stage companies through the National Research Council of Canada's Industrial Research Assistance Program (see our MarketCaps here).

Gowling WLG Focus
The commitment shown by the Government of Canada for entities in the technology space is an indication of the importance of technology and innovation as part of Canada's future. The concept of "disruption" is one that technology companies hold in a positive

light to demonstrate a superior way of doing something to replace dated systems or processes. Conversely, the challenges being experienced by the global economy today as a result of the COVID-19 pandemic is a much different type of disruption, which will undoubtedly increase the need for innovative solutions to help position businesses and industries for success as the world prepares to emerge and re-build together.

Eligibility Requirements
To be eligible for the Bridge Financing Program, companies and investors must satisfy the following requirements:

Eligible Company. The company must:
1. be a "Canadian" company, requiring that the company is provincially or federally incorporated in Canada, has substantial operations in Canada and has a majority of its senior management resident in Canada;
2. be backed by a qualified venture capital firm;
3. have raised at least $500,000 in external capital prior to applying for the Bridge Financing Program; and
4. be specifically impacted by the COVID-19 pandemic.

The Bridge Financing Program is not limited to BDC's existing investment portfolio and any company that satisfies the Bridge Financing Program eligibility criteria may apply. No restrictions are imposed on companies that are currently receiving funding under other pandemic relief programs, such as the Canada Emergency Wage Subsidy or the Business Credit Availability Program.
Qualified Investor. At least one investor of the investing syndicate must be approved by BDC as a "qualified investor." In order to be considered a "qualified investor," an investor must have:
1. at least $10 million in assets under management;
2. third party limited partners; and
3. investment in at least three portfolio companies in Canada.

An entirely non-Canadian investor syndicate that otherwise meets the eligibility criteria will also be considered on a case-by-case basis, taking into account factors such as the foreign investors' record of investing in Canadian companies.

Characteristics of the Financing Round. The current debt or equity financing must be for an aggregate amount of not less than $250,000 and must not have closed before February 1, 2020.

Due Diligence. Any co-investment by BDC will be subject to satisfactory due diligence review, agreement on the terms of the investment and approval by BDC's investment committee. It is expected that BDC will likely rely on due diligence performed by the investing syndicate to expedite the deployment of capital.

Other Requirements. BDC has stated that demand for the Bridge Financing Program will be assessed on an as-needed basis. All things being equal, larger companies with a proven

record of financial performance prior to the onset of the COVID-19 pandemic and an immediate need for funds will be prioritized.

Terms of the Convertible Note
The proposed key terms of the convertible note are:

- **Interest Rate**. The convertible note will accrue interest at the BDC base rate, (currently 4.5% and fluctuating in response to changes to the Bank of Canada prime rate) plus 4%. Interest on the convertible note will accrue and compound annually.
- **Term**. The convertible note will have a term of three years.
- **Option to Convert**. BDC may elect to convert the note in the following circumstances:
    1. at or any time before maturity, BDC may convert the note into securities issued in the co-investing round of financing and at a price equal to such round;
    2. in the event of a qualified financing (details of which have not yet been confirmed by BDC), BDC may convert the note into securities issued in the qualified financing at a 20 per cent discount to the price of the qualified financing; and
    3. in a liquidity event, BDC may convert the note into securities issued in connection with such liquidity event at a 20 per cent discount to the liquidation price.

Payment in Kind. At the election of the company, accrued but unpaid interest on the convertible note may be paid by adding the amount of the interest to the principal amount of the note.

Ranking. The convertible note will be unsecured and subordinated; provided, however, that certain security of the company and/or ranking above existing creditors may be required by BDC in certain higher risk circumstances.
Most Favoured Nation. In addition to the standard terms described above, BDC may elect, in circumstances where the current financing is also being completed by way of convertible notes and such notes contain more favourable terms, to invest under the terms of the current financing notes.

Repayment. The principal amount plus all accrued interest under the convertible note will be due and payable at maturity. Companies may also have an option to prepay the convertible note, subject to the terms and conditions thereof.
https://www.lexology.com/library/detail.aspx?g=096bf4be-81fa-4073-a398-bfff06aa4873

Canadian banks to get millions in funds to administer government COVID-19 loan program for small businesses
National Post, April 27, 2020
All of Canada's major banks have programs up and running to help customers apply for the program and to date $15.3 billion has been extended to businesses across the country

OTTAWA — Canada's banks are likely to get tens of millions of dollars for managing the government's loan program designed to get money in the hands of small businesses.

The government launched the Canada Emergency Business Account (CEBA) program on April 9, allowing businesses to apply for up to $40,000 in interest-free, government backed loans through their banks. If businesses manage to pay 75 per cent of the loan back by Dec. 31, 2022, the remaining 25 per cent of the loan will be forgiven.

Businesses also had to have a payroll of between $20,000 and $1.5 million to qualify for the program.

All of Canada's major banks have programs up and running to help customers apply for the program and to date $15.3 billion has been extended to businesses across the country.

Under the previously undisclosed terms of the arrangement with banks, the financial institutions will get 0.4 per cent of any outstanding balances in the program per year. If for example, the $15.3 billion that has been paid was still outstanding at the end of the first year, banks would receive just over $60 million.

The program was part of a host of support efforts for small businesses, which has also included the wage subsidy program and an initiative for rent relief that was announced last week.

Anna Arneson, a spokesperson for the ministry of finance, said the fee is intended to cover the banks' cost administering the program including keeping clients updated on their balances.

They are not going to pay it early because they are going into a slow economy and they're going to need that cash flow

"The fee is intended to reflect the cost of service of the financial institutions providing the loan, for the duration of the loan's lifetime, in a manner similar to how a financial institution would treat loans that it underwrote," she said in an email. "It is not intended to include a profit margin for the financial institutions."

She said the government is also doing an independent review of the program and if the costs to the bank are lower than initially estimated their fee can be reduced.

NDP MP Gord Johns said Canada's banks could have taken on this program without charging the government, recognizing that it would help many of their customers to get money in their pockets.

"It would have been a generous offer if they said we are going to administer it, this is something we can do," he said. "The big banks haven't come to the table and they need to."

Johns said most businesses will need the cash over the next few years and won't rush to repay the loan allowing banks to gather these fees for several years.

"They are not going to pay it early because they are going into a slow economy and they're going to need that cash flow."

He he has been disappointed banks have only made small reductions to interest rates and said he has heard from many constituents who feel the banks could be doing a lot more to help.

"I am getting calls from small businesses that aren't able to defer mortgages for more than a month, that aren't able to access lines of credit."

He said the government should have taken a tougher stance with banks to get more support to individual Canadians.

"The government had to have a more difficult and harder conversation with the big banks."

The Conservatives have also criticized the program for excluding family-run businesses by requiring that people applying have a payroll, noting many family-run businesses pay family members with dividends.

Mathieu Labrèche, a spokesperson for the Canadian Bankers Association, said the government worked with banks to ensure the money could get out the door to businesses quickly. He said banks have worked very quickly and are only covering their costs with the program.

"Canada's financial institutions will continue to support the program on a cost recovery basis throughout," he said.

Labrèche said the government has asked for the banks' help with a number of programs, including the wage subsidy and they have done so eagerly.

"Having banks deliver these programs costs far less and is more efficient than having the government do so on its own," he said.

Labrèche also pointed to similar programs in the United States that are costing a lot more. The American Small Business Administration is backing larger loans to businesses there, but banks in the U.S. are receiving larger fees.

For loans of less than $350,000 U.S. banks can charge a fee of five per cent on the loan, that percentage does decline when the loans become larger, but even with loans of more than $2 million banks charge a one per cent fee.
https://nationalpost.com/news/politics/covid-19-business-canadian-banks-to-get-millions-in-funds-to-administer-government-loan-program-for-small-businesses

- **ERBD**

EBRD wins award for global leadership in sustainable trade finance
ERBD News, 30 Apr 2020
By Axel Reiserer
The EBRD's Green Trade Facilitation Programme (Green TFP) has won the GTR Leaders in Trade global award for its significant contribution to sustainability in trade. Other shortlisted nominees in this category were ABN AMRO, Barclays and HSBC.

The GTR Leaders in Trade awards, organised by Global Trade Review, a leading trade finance publication, highlight excellence in the trade, commodity, supply chain and export finance, as well as fintech markets.

EBRD First Vice President Jürgen Rigterink said: "We are very proud of this recognition for our pioneering Green TFP, which uses the well-established mechanisms of trade finance in support of supply of goods and technologies needed in addressing climate change. In the current coronavirus crisis it is critical to keep trade flowing and it is also a stark reminder not to ignore the continuous need to support transition to a green economy. We can expect sustainable trade to increase significantly in the post-crisis period as demand for sustainably sourced, low-carbon and climate resilient materials and technologies takes off."

The EBRD's Green TFP allows partner banks under the EBRD's Trade Facilitation Programme (TFP) to use their existing TFP facilities for the financing of exports, imports and the local distribution of imported green technologies and materials, in line with the Bank's Green Economy Transition (GET) approach. The GET expertise provided by EBRD energy efficiency and climate change experts has been instrumental in the development of the Green TFP.

Since 2016, Green TFP has supported almost 900 foreign trade transactions involving trade in higher performance technologies and materials with a total volume of €675 million across 22 economies where the EBRD invests. These resulted in annual energy savings of 1,513,200 MWh, water savings of 1,681,399 m3 and emission reductions of 605,376 tonnes, CO_2 equivalent.

Green TFP transactions to date include the import of wind power generation equipment from Denmark to Ukraine, the import of small-scale combined heat and power technologies from Italy to Lebanon, the import of water-saving bottling lines from Germany to Armenia and from France to Tunisia, the import of residential lifts from Greece to Kosovo and the export of sustainably sourced wood products from Romania to Egypt.

The EBRD's Trade Facilitation Programme, launched in 1999, aims to promote foreign trade to, from and among the economies where the EBRD invests. Through the programme, the EBRD provides guarantees to international confirming banks and short-term loans to selected local banks and factoring companies for on-lending to local exporters, importers and distributors.
The EBRD's TFP currently includes 121 local banks in 30 economies where the EBRD invests, with limits exceeding €5 billion in total and more than 800 confirming banks worldwide.
https://www.ebrd.com/news/2020/ebrd-wins-award-for-global-leadership-in-sustainable-trade-finance.html

Coronavirus: EBRD gears up to fill the gap
Euromoney, April 23, 2020
Lucy Fitzgeorge-Parker
Fast-track financing, infrastructure support and equity investment opportunities: first vice-president Jürgen Rigterink details the development bank's Covid-19 crisis response – and delivers a warning to banks in its region.

The European Bank for Reconstruction Development is gearing up for a wave of demand for emergency financing as the Covid-19 crisis prompts global banks to pull back from emerging markets.

Jürgen Rigterink, the EBRD's first vice-president, says access to funding across the bank's region – which covers 38 countries in central and eastern Europe and around the Mediterranean – has deteriorated since the start of the crisis.

"Global banks may be publicly insisting that their risk appetite towards emerging markets hasn't changed, but when you dig a bit deeper, they will admit that their country ratings, and therefore their country limits, have decreased," he says.

"That means capital markets will be less accessible and more expensive for borrowers from some emerging markets, and certain investors will likely pull back from these jurisdictions. We are already seeing former clients who haven't needed our help for many years coming back and asking for support."

Fortunately, the EBRD has plenty of firepower. The bank, which focuses on private-sector development, has €17 billion of available paid-in capital and accumulated reserves. It also has access to €23.5 billion of callable capital.

To speed up disbursements, on March 13 the EBRD's shareholders approved a €1 billion fast-track funding mechanism. Requests for support through the 'Covid-19 Solidarity Package', which was increased to €4 billion on Thursday, will go through a streamlined approval process.

"For example, a normal proposal has to go through a two-stage review process, whereas for this we will do just one stage," says Rigterink. "We have also increased the delegated authority we have from the resident board and reduced the timeline in which individual shareholders can raise comments.

"The idea is to give us more flexibility so that we can react much more quickly to client needs than before.

" What we don't want to do is support very strong Western organizations to de-risk their balance sheet without any commitment from them that they will put our money to work in emerging markets - Jürgen Rigterink, EBRD

He notes that not all projects will be eligible for consideration.

"Where we have enough time or we are dealing with a new client, then we will go through the normal process," he adds. "The new process will be for existing clients where we have already done the due diligence.

" Within a month, the EBRD had received applications for funding from the solidarity package worth €800 million, and on April 16 the first approvals were announced. Three Uzbek banks – Asaka Bank, Ipoteka Bank and Uzpromstroybank – were allocated $150 million in trade finance facilities. Banks are also expected to account for a large chunk of the remainder of the package. The EBRD has traditionally relied on commercial lenders to deploy financing, particularly to the crucial small and medium-sized enterprise segment. "We have more than 100 direct SME relationships, but our total direct exposure to smaller SMEs is less than €200 million," says Rigterink.
https://www.euromoney.com/article/b1lb0xqb1b559r/coronavirus-ebrd-gears-up-to-fill-the-gap

- **FONPLATA**

Fonplata finds funding for coronavirus response
Latin Finance, May 4, 2020
Bolivia-based development bank gets $130 mln from Uruguay's central bank to cover emergency loans

Fonplata, the development bank for the Río de la Plata basin in South America, said it secured $130 million in financing from reserves of the Central Bank of Uruguay, or BCU, to fund its emergency lending plans during the coronavirus pandemic.

Fonplata has opened an emergency credit line to counteract the economic impact of the coronavirus in its member nations Argentina, Bolivia, Brazil, Paraguay and Uruguay.

In April, it provided $15 million to a loan program for 65,000 small businesses in Uruguay and 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.

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. The country has secured $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.
https://www.latinfinance.com/daily-briefs/2020/5/4/fonplata-finds-funding-for-coronavirus-response

- **FMI**

IMF Executive Board Approves New Two-Year US$10.8 Billion Flexible Credit Line Arrangement for Colombia
News, May 1, 2020

- The IMF approved today a successor two-year arrangement for Colombia under the Flexible Credit Line (FCL), designed for crisis prevention, of about US$10.8 billion.
- Colombia qualifies for the FCL by virtue of its very strong institutional policy frameworks and track record of economic performance and policy implementation.
- The arrangement should boost market confidence, and combined with the comfortable level of international reserves, provide insurance against downside risks.

The Executive Board of the International Monetary Fund (IMF) approved today a successor two-year arrangement for Colombia under the Flexible Credit Line (FCL) in an amount equivalent to SDR 7.8496 billion (about US$10.8 billion) and noted the cancellation by Colombia of the previous arrangement.

The FCL was established on March 24, 2009 as part of a major reform of the Fund's lending framework (see Press Release No. 09/85). The FCL is designed for crisis prevention purposes as it provides the flexibility to draw on the credit line at any time. Disbursements are not phased nor conditioned on compliance with policy targets as in traditional IMF-supported programs. This large, upfront access with no ongoing conditions is justified by the very strong track records of countries that qualify for the FCL, which gives confidence that their economic policies will remain strong.

Following the Executive Board's discussion on Colombia, Mr. Geoffrey Okamoto, First Deputy Managing Director and Chair, issued the following statement:

"Colombia has very strong policy frameworks—anchored by a flexible exchange rate, a credible inflation targeting-regime, effective financial sector supervision and regulation, and a structural fiscal rule— that have served as a basis for the economy's resilience prior to the Covid-19 pandemic. During this time, Colombia has made remarkable efforts to integrate a substantial number of migrants from Venezuela that boosted domestic demand but widened external vulnerabilities.

"In the wake of the pandemic, Colombia's economy is expected to contract for the first time in two decades. Consistent with their very strong track record of economic management, the authorities' early actions to mitigate the spread of the pandemic, monetary and macroprudential policy responses, and fiscal plans—including the creation of a crisis mitigation fund to support health spending, vulnerable households and businesses—will help the economy through recession. Nevertheless, the balance of risks to the economy is sharply skewed to the downside and an exceptionally weak external environment raises Colombia's vulnerability to still lower commodity prices, additional financial market volatility, and a further deterioration of Venezuela's crisis.

"The new arrangement under the FCL will help Colombia manage heightened external risks, protect ongoing efforts to effectively respond to the pandemic, integrate migrants, foster inclusive growth, and reduce external vulnerabilities. Despite higher external vulnerabilities, risks, and stress, the new arrangement can be maintained at the same access level because the authorities have built higher external buffers by accumulating significant additional reserves since the 2018 FCL request. The arrangement should boost market confidence, and combined with the comfortable level of international reserves, provide insurance against downside risks. The authorities intend to continue to treat this instrument as precautionary and to gradually phase out its use conditional on a reduction of external risks."
https://www.imf.org/en/News/Articles/2020/05/01/pr20201-colombia-imf-executive-board-approves-new-two-year-flexible-credit-line-arrangement

IMF Executive Board Approves US$504 Million in Emergency Assistance to Costa Rica to Help Address the COVID-19 Pandemic
News, April 29, 2020

- The IMF Executive Board approved Costa Rica's request for emergency financial assistance of about US$ 504 million to help the country meet the urgent needs stemming from the COVID-19 pandemic.
- The funds will provide timely resources to support essential health expenditure and relief measures for the vulnerable populations, and to meet the urgent balance of payment need stemming from the pandemic.
- The Costa Rican authorities have taken important measures to contain the spread of the virus and to mitigate its economic impact.

Washington, DC – The Executive Board of the International Monetary Fund (IMF) approved Costa Rica's request for emergency financial assistance under the Rapid Financing Instrument (RFI) equivalent to SDR 369.4 million (100 percent of quota, or about US$504 million at today's exchange rate), to support essential COVID-19-related health spending and relief measures targeted to the most affected sectors and vulnerable populations, while catalyzing additional funding from other development partners. The RFI will help the country meet the urgent balance of payments need stemming from the COVID-19 pandemic.

Costa Rica has taken extensive and important measures to contain the pandemic since early-March—including mandatory quarantines, closures of schools, public offices, and most public spaces, reduced work hours in private sector, travel restrictions, and construction of a specialized hospital for Covid-19 treatment. These necessary containment measures, coupled with the global economic downturn, are expected to take a major toll on the economy in the short term and cause a temporary deterioration in the country's fiscal and external positions. It is estimated that the pandemic opened a balance of payments gap of about US$1.6 billion.

To mitigate the economic impact of the pandemic, the government is appropriately implementing a temporary relaxation of spending limits under the Law on Strengthening of Public Finances. The authorities have also announced a package of fiscal measures targeted to protect the most affected economic sectors and populations. The IMF financing will help provide much-needed resources to address essential pandemic-related expenditure and support efforts to maintain social cohesion during the crisis. The authorities have maintained an accommodative monetary policy stance and a flexible exchange rate and provide liquidity into the markets, as needed.

Following the Executive Board's discussion of Costa Rica, Mr. Mitsuhiro Furusawa, Deputy Managing Director and Acting Chair, issued the following statement:

"The COVID-19 pandemic has severely impacted Costa Rica with its large exposure to trade, tourism, and foreign direct investment. The global economic slowdown and the necessary containment measures have impacted growth and fiscal accounts and created an urgent balance of payments need. The IMF's emergency financing under the Rapid Financing Instrument will help support urgently needed public health and social spending measures, while addressing the balance of payments need. It will also catalyze support from other multilateral agencies, which will be critical to addressing the remaining financing needs.

"The authorities have taken timely, well-targeted measures to mitigate the adverse effects of the pandemic. They introduced extensive containment measures, which have helped flatten the infection curve. To mitigate the economic and social impact of the crisis, they adopted a temporary moratorium on tax payments, social transfers to protect the most vulnerable, and monetary and regulatory measures to ease credit and liquidity conditions.

"The important and immediate medical, social, and economic needs prompted by the crisis will require higher fiscal spending and consequently a deterioration in the fiscal position in 2020, including through a temporary activation of the emergency escape clause in the fiscal rule. It will be imperative to return to the fiscal consolidation path, anchored by the 2018-fiscal reform, and reapply the fiscal rule from 2021 once the health crisis dissipates. Accompanying the rule with additional income and expenditure measures over 2021-24, along with asset sales, would be important to put debt on a sustained downward path.

"To facilitate the recovery and counter future shocks, the authorities should maintain accommodative monetary policy and exchange rate flexibility and safeguard the stability

of the financial system. Implementing a wide range of structural reforms underpinned by OECD accession would boost Costa Rica's competitiveness and resilience to future shocks."
https://www.imf.org/en/News/Articles/2020/04/29/pr20194-costa-rica-imf-executive-board-approves-us-emergency-assistance-address-covid-19-pandemic

IMF Executive Board Approves US$650 Million in Emergency Assistance to the Dominican Republic to address the COVID-19 Pandemic
News, April 29, 2020

- The IMF Executive Board approves the 40th request for emergency financial assistance to help its member countries address the challenges posed by COVID-19.
- The IMF approved the Dominican Republic's request for emergency financial assistance under the Rapid Financing Instrument (RFI) of about US$650 million to meet the urgent balance of payment needs stemming from the outbreak of the COVID-19 pandemic.
- The RFI provides timely resources to the authorities which they intend to mobilize for essential COVID-19-related health expenditure and support to the vulnerable population.
- The pandemic has significantly weakened the Dominican Republic's macroeconomic outlook for 2020 and created financing needs that require additional support.

Washington, DC – April 29, 2020 The Executive Board of the International Monetary Fund (IMF) approved the Dominican Republic's request for emergency financial assistance under the Rapid Financing Instrument (RFI) equivalent to SDR 477.4 million (about US$650 million, or 100 percent of quota) to meet the urgent balance of payment needs stemming from the outbreak of the COVID-19 pandemic.

The pandemic has significantly weakened the country's macroeconomic outlook for 2020 and created financing needs that require additional support. The RFI provides timely resources to the authorities which they intend to mobilize for essential COVID-19-related health expenditure and support to the vulnerable population. The authorities are also seeking support from other multilateral institutions.

To absorb the macroeconomic shock, the Dominican authorities are appropriately implementing a package of fiscal, macroprudential and supervisory measures along with monetary easing to sustain economic activity during the crisis. The government of the Dominican Republic increased healthcare spending to face the pandemic and created a social assistance program titled Quédate en casa (Stay at Home) to boost transfers to the poor.

Following the Executive Board discussion, Mr. Tao Zhang, Deputy Managing Director and Chair, made the following statement:

The severity of the global COVID-19 shock has disrupted the Dominican Republic's economy and created urgent balance of payments and fiscal financing needs. The authorities swiftly implemented measures to contain and mitigate the spread of the pandemic. With uncertainties surrounding the duration and spread of the pandemic, the economic fallout could intensify further if containment measures have to be extended.

“Macroeconomic and financial policies have been accommodative in response to the pandemic. The temporary fiscal measures to accommodate higher public healthcare spending and targeted transfers to the most vulnerable are appropriate. Once the pandemic recedes, it will be important to return to a gradual fiscal consolidation, including establishing a medium-term fiscal framework, to ensure that the public debt-to-GDP ratio remains sustainable and on a declining path.

“Monetary and macroprudential policies have been eased appropriately, including a reduction of the statutory reserve requirement and provision of additional liquidity to the banking system. As circumstances evolve, policy responses would need to be continually recalibrated. Greater exchange rate flexibility would be necessary as a shock absorber and to preserve international reserves.

“The IMF emergency assistance under the Rapid Financing Instrument will help provide the much-needed resources to address the urgent balance of payments needs and support essential COVID-19-related health expenditure. The support of other international financial institutions and development partners would be crucial to close the remaining financing gaps, ease the adjustment burden, and preserve the Dominican Republic’s dynamic economic growth.”
https://www.imf.org/en/News/Articles/2020/04/30/pr-20195-dominican-republic-imf-executive-board-approves-us-650-million-in-emergency-assistance

- **IDB**

IDB, World Bank sign the first Framework Agreement for mutual reliance in procurement
NEWS RELEASES, May 08, 2020
The Inter-American Development Bank (IDB) and the World Bank have signed a Framework Agreement for mutual reliance in public procurement matters related to co-financed projects in Latin America and the Caribbean (LAC). This Agreement is consistent with international good practices, is based on both institutions’ common project procurement principles and brings forth a range of opportunities for the LAC Region.

The Agreement will allow the IDB and the World Bank to leverage each other’s capacities and move in a more expeditious manner, to prepare and implement projects in countries and channel much needed resources to address the needs of the Region. Both institutions recognize the importance of fostering cooperation, to achieve synergies and acknowledge the need to increase the development impact of their projects for the benefit of their borrowing member countries, within their jurisdictions.

Furthermore, this Agreement signals a coordinated and unified approach to public procurement, which is anticipated to result in increased efficiencies and the prevention of duplication of efforts in jointly financed projects. Since both banks already employ a similar Procurement Framework that is consistent with international good practices that promote economy, efficiency, equality, fairness, integrity, transparency, quality, value for money and fitness for purpose, execution of the Agreement in co-financed projects should be seamless. In addition, implementation of the Agreement should substantially reduce transaction costs for borrowers as well as the banks, in relation to project procurement preparation, execution and monitoring. A lead co-financier will be designated and whose procurement policies will govern the project while the other co-financier will rely on the lead’s work.
https://www.iadb.org/en/news/idb-world-bank-sign-first-framework-agreement-mutual-reliance-procurement#

Extending loans and providing equity: the EIB and national development banks must act now
Social Europe, 29th April 2020
Matthias Thiemann and Peter Volberding
The European Investment Bank and national development banks provide a framework through which a European Recovery Fund could work quickly and effectively.

The European Union is at a pivotal moment. The debate over how solidarity should be organised to respond jointly to the coronavirus-induced economic crisis is in full swing—with the installation of the European unemployment scheme SURE, the use of the European Stability Mechanism, and a €25 billion credit guarantee to the European Investment Bank only the first steps. A European Recovery Fund, financed by EU budgetary means, is desperately needed.

To gain the greatest economic leverage from such a fund we suggest a path, based on existing institutions, which would allow for a quick and effective response. Our approach focuses on the European Investment Bank (there are related proposals by Brunnermeier and colleagues and by Counterbalance) and the network of national development banks (NDBs), with which the EIB has increasingly collaborated over the last ten years.

It involves a €500 billion convertible loan programme. This would be aimed by the EIB at the sectors most affected by Covid-19—services and in particular hospitality, among others—with the option of converting loans into equity, to be held by the European Recovery Fund.

Liquidity constraints
Among the primary challenges facing our economies are the financing and liquidity constraints of companies, compounded by rising corporate debt. This is one reason why EU member states—first and foremost Germany—have mobilised their development banks to provide loans to struggling companies, in particular small and medium enterprises. Other countries, such as Spain and Italy, have guaranteed much less credit as a percentage of gross domestic product, despite being hit hardest so far by the Covid-19 crisis, with the €200 billion credit guarantee of the EIB offering only partial compensation.

Beyond the immediate need for liquidity, however, many of these companies, such as hotels, although they may have a sound business model in normal times, will simply accumulate too much debt to survive the coronavirus-related reduction in their business activities. This suggests the need to transform liquidity assistance by development banks into equity, should the deterioration of business so necessitate.

Such conversion into equity needs to be backed by fresh public money, not financial alchemy. Billions of euro of EU budgetary means will be needed to absorb the credit risk and so convert the debt.

Four steps
To provide struggling companies with this form of convertible debt, we propose a strategy that leverages NDBs' balance sheets, expertise and existing relationships to engage in such actions with the European budget's financial means. Concretely, we propose a four-step model.

Step 1: Just as after the great financial crisis in 2008, EU member states should double the subscribed capital to the EIB, from currently €243 billion to €500 billion. In return, the €50 billion accumulated by the bank in reserves should be transformed into shareholder equity. As the EIB is currently bound by a leverage rule of 1:3, this would expand its balance-sheet space from about €750 billion to €1.5 trillion. This would provide an expanded funding capacity both for the €500 billion programme and additional action for the EU climate plan endorsed before the crisis.

Step 2: Initiate a €500 billion convertible-loan programme financed by the EIB, based on a catalogue of criteria for company eligibility, including a reduced ecological footprint and conditions for conversion into equity. Allow NDBs to act as agents to extend these loans, selling them onward to the EIB. This mitigates the problem that the EIB has little physical presence in member states. Banks such as the CDP in Italy, ICO in Spain and Bpifrance in France, but also smaller banks with a developmental mandate, could quickly roll out such a programme, providing a first contact point for companies in need.

Step 3: Install the European Recovery Fund within the European Investment Fund—the optimal institutional place, since the EIF is already 30 per cent owned by the European Commission. Allocate €100 billion of EU budgetary means to the ERF. Were this sum to be larger, as ideally it should be, this would allow more attention to be devoted to the ecological transformation.

Step 4: Where loans cannot be repaid to the EIB due to coronavirus-related hardships, transform these loans into equity in the company. The ownership of this equity would lie with the ERF, which would pay the EIB for it, absorbing part of the losses on the loans by the bank through the budgetary means allotted to it. The other portion would need to be absorbed by the owners of the relevant company through equity dilution, the final amount subject to negotiation. These steps could be accompanied by tax forgiveness for these companies by member states, thereby further sharing the costs and increasing the firepower of the programme.

Strategy of solidarity
Such a strategy could turn the EIB and EIF into a prime element of a European strategy of solidarity to face the crisis together, pooling member states' risk and reducing individual member-state cost. On the one hand, it involves the issuance of joint EU debt, guaranteed by member states, to provide liquidity to firms. It also leverages EU budgetary means to transform these loans into equity, should the need arise, thereby avoiding the addition of more debt to an existing mountain.

By providing this large-scale financial backing in the least bureaucratic way possible, the EU could quickly organise support for its economies ravaged by Covid-19, particularly in the south. By combining the issuance of debt by the entity already issuing bonds backed by all EU members with union budgetary means, it could display the European solidarity necessary to cushion the devastating impact of this crisis.
https://www.socialeurope.eu/extending-loans-and-providing-equity-the-eib-and-national-development-banks-must-act-now/amp

- **<u>VEB.RF</u>**

VEB.RF has expanded the program of support of loans for salaries to medium-sized businesses
Finanz, April 30, 2020
VEB.RF has extended a medium-sized business program to provide guarantees to banks as part of loans at 0% to pay salaries. This is stated in the press service of the state corporation.

“VEB.RF has extended the guarantee issued in favor of RSHB (Russian Agricultural Bank - approx. TASS) to medium-sized enterprises. Now the guarantees of the development institute will be aimed at ensuring the repayment of loans at a zero rate issued by RSHB to entrepreneurs not only micro and small businesses, but also medium. VEB.RF also increased the amount of guarantee issued in favor of RSHB by 1 billion rubles. The total amount of guarantee in favor of this bank now amounts to 1.75 billion rubles, ”the report says.

In total, today VEB.RF, as part of a business support program, has issued guarantees to 12 banks for 80.9 billion rubles, the press service said. “Now that the phased lifting of restrictions is being discussed, it is entrepreneurs who will act as a driver for the restoration of economic activity in the country. Today we plan to fully implement our program of providing guarantees to commercial banks - we will bring it up to 100 billion rubles, we will choose the entire amount, ”said VEB.RF Chairman Igor Shuvalov, quoted by the press service of the state corporation.

To maintain employment, the Russian government launched a program to issue interest-free loans to pay salaries to enterprises from the sectors most affected by the pandemic. The loan amount is calculated on the basis of one minimum wage (today it is 12,130 rubles) for each employee in the company’s staff. Later, Russian President Vladimir Putin noted that at least 75% of loans received by entrepreneurs to pay salaries to employees should be secured by VEB guarantees.
https://www.finanz.ru/novosti/aktsii/veb-rf-rasshiril-programmu-podderzhki-kreditov-dlya-zarplat-na-sredniy-biznes-1029150139

The Central Bank supported the proposal to increase the guarantee of VEB.RF on soft loans for business
Finanz, April 29, 2020
The Bank of Russia supports an increase in the percentage of guarantees provided by the VEB.RF state corporation to banks to pay off risks when issuing interest-free loans for salaries to businesses up to 80% or more. This was stated by Mikhail Mamuta, head of the consumer protection and financial services accessibility service of the Central Bank, during a Central Bank webinar on supporting small and medium-sized businesses in a pandemic.

“Now, regarding the guarantee and approval of the issuance of salary loans. You are right - the higher the share of uncovered credit risk remains with the bank, the more carefully the bank evaluates the issuance of a loan. In many countries, the guarantee level reaches 100%, but, as a rule, does not fall below 90-85%. And we have formulated our position, and we believe that the level of this guarantee must be increased. This, of course, would have a positive effect and would affect the level of approval of applications, ”Mamuta said in response to a proposal by the president of Opora Rossii Alexander Kalinin to increase the provision of VEB.RF guarantees to banks to the level of 80% or more.

Earlier, Russian President Vladimir Putin said that at least 75% of loans received by entrepreneurs to pay salaries to employees should be secured by VEB guarantees. On April 23, the head of VEB.RF Igor Shuvalov, on the sidelines of a conference of the SCO interbank association, said that the state corporation issued guarantees to 10 banks for a total amount of 77.25 billion rubles as part of the program for issuing interest-free loans for small and medium-sized businesses for paying salaries. In particular, on the eve of VEB.RF issued guarantees in favor of four banks. Thus, a guarantee of 2 billion rubles was issued in favor of Gazprombank, another 750 million rubles to Rosselkhozbank, 500 million rubles to Ak Bars and 150 million rubles to Sovcombank.

https://www.finanz.ru/novosti/aktsii/cb-podderzhal-predlozhenie-po-uvelicheniyu-garantii-veb-rf-po-lgotnym-kreditam-dlya-biznesa-1029143101

- **BRAZIL**

Government and institution measures in response to COVID-19.
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.

Employment-related measures (e.g. state compensation schemes, training…)
- On 23 March, the Federal Government published a Provisional Measure (MP) that alters a series of labor regulations during the pandemic with the aim of preserving helping companies and preserving jobs. The MP establishes that individual agreements will take precedence over other legal and business instruments, and provides for the possibility of:
  - adoption of telecommuting (remote working, such as home office);
  - anticipation of individual vacation and collective vacation concession, with notice to the worker up to 48 hours before;
  - use and anticipation of holidays;
  - special hours compensation scheme in the future in case of interruption of working hours;
  - suspension of administrative requirements for safety and health at work.

- On 30 March, the Brazilian Senate approved a bill that provides for the granting of emergency aid of US$ 116 (R$ 600) to informal workers and US$ 232 (R$ 1,200) to mothers responsible for supporting the family. The impact of the aid is expected to be US$ 8.5 billion (R$ 44 billion) during the period in which the measure is in force, according to members of the economic team.

- The provisional measure 932/20 reduces, until 06/30/2020, the rates of contributions to autonomous social services. The reductions were different for each entity that belongs to autonomous social services, varying from 0.05% to 1.25%.

- Provisional Measure 936/20 establishes complementary measures with the purpose of maintaining employment and income, during the state of public calamity resulting from the coronavirus (COVID-19). Among the provisions, the following should be highlighted:
  - the payment of an Emergency Job and Income Preservation Benefit;

  - the proportional reduction of working hours and wages; and
  - temporary suspension of the employment contract.

- The Emergency Employment and Income Preservation Benefit will be paid for with Federal resources, in the event of proportional reduction of working hours and wages and temporary suspension of the employment contract. The agreement for proportional reduction of working hours and wages may be up to 90 days, subject to the following requirements:
  - preserving the value of the hourly wage of work;
  - the individual written agreement between employer and employee, made 2 days in advance; and
  - reduction of working hours exclusively in the percentages of 25%, 50% or 70%.

- If the temporary suspension of the employments is disregarded, the employer will be subject to the immediate payment of remuneration and social charges for the entire period, plus the penalties established in the legislation and the sanctions determined by the agreement or union agreement.

- Service Guarantee Found – FGTS, labor obligation due by employers (indemnity fund), is suspended from March to May 2020. The suspended contributions may be paid in installments without the impact of monetary adjustments, fines, interests or other charges.

- The Provisional Measure 945/2020 deems port activities as essential services, granting port workers an specific emergency benefit and granting employers more flexible conditions to contract temporary workers despite any collective convention provision. The port companies are also granted tariff exemptions.

- 15 April. The Federal Government and its support base on congress, are supporting the increasing of people able to receive emergency employment aid. Under this project, the emergency aid will be extended the benefit to teenage mothers; informal workers who, in 2018, had high incomes and were excluded from the original proposal; and doubles the amount paid to single men who are heads of household. According to the economic area, the changes will cost U$ 2 billons (R$ 10 billion) more this year.

Economic stimulus measures (e.g. loans, moratorium on debt repayments…)

- PROGER/FAT: credit for Micro and Small Enterprises (USD1 billion);
- Caixa Econômica Federal (CEF): The state-owned Federal Savings Bank will extend USD 14.9 billion in credit lines to small-and medium-sized enterprises aimed at working capital, purchase of payroll loan portfolios from medium-sized banks and agribusiness. The bank also cut interest rates on some types of credit and offered clients a grace period of 60 days;
- Banco do Brasil announced a USD 20 billion increase in its credit lines, aimed at working capital, investments, prepayment of receivables, agribusiness and credit to individuals. The bank also increased the credit limit for 13 million customers;
- BNDES: opening of a working capital loan line for small and medium-sized firms of tourism and service sectors;
- Credit contracting requirements: simplification and waiver of documentation (CND) for credit renegotiation;
- Capital charge relief: Lending and credit support through capital charge relief to loans secured by commercial real estate; and credit charge relief to retail exposures, to non-

significant investment in the capital of financial institutions and insurance entities and to exposures secured by covered bonds issued by the own bank;

- Restructured loans: Increased flexibility of the provisioning rules for a period of 6 months;
- Conservation Capital Buffer (CCB): reduction from 2.5% to 1.25% for 1 year and setting a transitional arrangement to restore the original 2.5% CCB in the subsequent year;
- FEBRABAN: The Brazilian Federation of Banks announced an agreement by which the five largest banks in the country (BB, Caixa, Itaú Unibanco, Bradesco and Santander) are willing to respond to requests for a 60-day extension for the debt maturity of individual and SMEs.
- On 18 March, Brazil's Central Bank lowered the benchmark interest rate SELIC by 50 bps to a historical minimum of 3.75%. This follows a reduction of the countercyclical capital buffer requirements.
- On 23 March, the Brazilian Central Bank announced new measures to inject resources into the financial system, which are part of a set of actions taken to minimize the effects of the coronavirus pandemic on the Brazilian economy. The measures for the financial market are:
- Additional release of US$ 13 billion in compulsory deposits, in addition to the amount of US$ 26 billion announced in February
- BC loan permission study to banks backed by Financial Letters (Letras Financeiras) of securitized credit portfolios (potential impact of US$ 129 billion)
- Flexibilization of the rules of the LCA (Financial Letter for Agribusiness), giving more freedom to the institutions to define the destination of the funds raised with this role
- Provisional repurchase of foreign debt securities
- New Time Deposit with Special Guarantees (NDPGE) for bank borrowings
- Loan backed by debentures (corporate debt security)

- On 23 March, the government presented a plan of R$ 88.2 billion for states and municipalities to cope with the health demands and economic impacts of the coronavirus. The package measures include:
  - Transfer of US$1.5 billion to health expenses
  - Transfer of US$387 million to social assistance expenses
  - Recompositing in the amount of US$3.1 billion for the State Participation Fund (FPE) and Municipal Participation Fund (FPM)
  - Suspension of the debts of the states to the Union (US$2.4 billion)
  - Renegotiation of state and municipal debt with banks (US$1.8 billion)
  - Loan facilitation operations, in the amount of US$7.7 billion

- On 26 March, the National Monetary Council (CMN) authorized the permission for the transfer of funds from the National Bank for Social Development (BNDES) to SMEs with through financial service technology companies, the so-called "fintechs".

- On 26 March, Caixa Economica Federal (Federal Savings Bank) announces further reductions in interest rates on overdraft and credit card instalment fees will be 2.9% per month, from the previous 4.9% per month. Caixa also announced an increase from 60 to 90 days in the pause period for loan agreements for individuals and companies, including housing contracts.

- On 27 March, the Brazilian Federal Government (Ministry of Economy, BNDES, Caixa and Bank of Brazil) announced an emergency credit line for SMEs to finance salaries for a period of two months. The program will make available a maximum of US$ 3.8

billion/month, with an overall stimulus package of US$ 7.7 billion in two months. Also according to the Ministry of Economy:

- Financing will be available to companies with revenues between US$ 70 thousand and US$ 1.9 million per year;
- Money will be exclusive for payroll;
- The company will have a 6-month grace period and 36 months to repay the loan;
- Interest will be 3.75% per year
- In addition, companies that hire this credit line will not be able to fire employees for a period of two months.

- On 29 March, BNDES (Brazil's Development Bank) announced two support measures for the airlines and healthcare industry:
- Financial support for airlines: through a system that involves convertible debentures and can contribute capital to these companies through the purchase of shares to sustain their operations through the pandemic.

- New credit line for the healthcare & life science manufactures to produce 15 thousand ventilators, 5 thousand health monitors, 80 million medical masks and 3 thousand new ICU units.

- On 29 March, Paulo Guedes, Brazil's Minister of Economy defended an emergency law approval to make Fiscal Responsibility Law more flexible during a meeting with the National Front of Mayors.

- The government and Congress are discussing the creation of a new management tool for the volume of money in circulation in the economy, as it seeks to control the interest rate. The proposal allows banks to voluntarily transfer funds to the Central Bank (BC), in the form of demand or time deposits. With this, the financial institution that has excess cash will be able to deposit a part in the BC.

- Service Guarantee Found – FGTS, labor obligation due by employers (indemnity fund), is suspended from March to May 2020. The suspended contributions may be paid in installments without the impact of monetary adjustments, fines, interests or other charges.
- On 02 March, the Minister of Tourism, Marcelo Álvaro Antônio, announced lines of credit to serve businesspeople in the tourism sector, which is strongly impacted by the new coronavirus pandemic. Credit lines will be offered by public banks such as BNDES and Caixa Econômica Federal. The project awaits new regulatory frameworks

- On 06 April, the National Monetary Council authorized that banks participating in the companies' payroll financing program, a measure launched by the government to mitigate the effects of the new coronavirus crisis, could reduce the value of loans in compulsory term deposits. The measure will take effect as of the next 20th. The volume that can be deducted may reach R $ 6 billion, about 5% of the current amount of the reserve requirement on time deposits.

- Also on 06 April, the National Monetary Council authorized that temporarily prohibited the distribution of profits and increased remuneration for bank and other financial institutions. The objective is to prevent important resources for maintaining credit from being used in other expenses in the midst of the Covid-19 pandemic.

- On 08 April, Brazil's Ministry of Agriculture announced a US$100 million (R$ 500 million) relief plan for small agricultural producers and family owned farms.

- On 08 April, the Minister of Economy, Paulo Guedes, announced that Brazil's Treasury is preparing a new financing relief plan for Small and Medium Enterprises (SMEs) with yearly revenues up to US$72 thousand (R$ 360 thousand)/year. The Ministry estimates a relief plan of US$2 billion (R$ 10 billion), which will be deployed with the support from SEBRAE (Brazilian Micro and Small Businesses Support Service).

- Also on 08 April, the Federal Government extinguished the PIS-Pasep (Social Integration Program and the Civil Servant Heritage Training Program) and released the withdrawal of US$ 200 (R$ 1.045) on account of the FGTS (Guarantee Fund for Time of Service) as of June 15. From June 15 to December 31, the withdrawal of up to US$ 200 (R$ 1.045) per worker is available due to facing the state of public calamity and the public health emergency of international importance resulting from the coronavirus pandemic.

- On 15 April, The Supreme Federal Court ruled that, in addition to the federal government, state and municipal governments have the power to determine rules for isolation, quarantine and restriction of transport and transit on highways due to the coronavirus epidemic.

- On 15 April, the Federal Government asked the Congress for permission to more than double the deficit forecast of public accounts in 2021. The figures are included in the draft Budget Guidelines Law, presented on Wednesday (15). In the text, the Ministry of Economy asks for permission for a primary deficit of U$ 30 billion (R$ 149.6 billion) in 2021, about 1.86% of the Gross Domestic Product (GDP).

- On 15 April, the Federal Court granted an injunction prohibiting the institutions of the National Financial System from taking measures to increase the interest rate or intensify the requirements for the granting of credit. According to the Federal Court, due to the global pandemic caused by Covid-19, the Brazilian economy was severely affected, which led the Central Bank of Brazil to adopt measures such as the release of banks' cash flow. However, the lawsuit says, banks do not use this asset release to make more credit available to the domestic market.

- On 16 April, the Brazilian Federal Government is working together with private banks, investment funds and the BNDES (National Bank for Economic and Social Development) a relief plan of at least R $ 48 billion to large companies affected by the coronavirus crisis as Airlines, energy companies and large retailers. Under this plan, debt-convertible instruments will be offered to companies that are publicly traded on the stock exchange.

Other measures and sources

- Government postpones pharmaceutical drugs readjustment for two months amid the coronavirus pandemic.

- The government published on Tuesday (31) a PM (provisional measure) that reduces by 50% the contributions to be paid by companies to entities in the S System by the end of June.

- On 31 March, the president of the STF (Supreme Federal Court), Dias Toffoli, prepared a bill taken by the Senate to suspend everything from the payment of rents to the return of goods purchased over the internet during the coronavirus pandemic.

- The Foreign Trade Secretariat published a decree creating the Special Export License for Combat Products from COVID-19, which must be presented for the completion of exports in the case of the products deemed essential to combat the COVID-19.

- The Ministry of Science and Technology signed an agreement with five major telecommunications operators to obtain information from anonymized data from cell phones and monitor agglomerations during the coronavirus pandemic.

- On 01 April, the board of the National Agency of Petroleum, Natural Gas and Biofuels (ANP) approved the temporary suspension of the 17th Bidding Round for areas for exploration and production of oil and gas, under the concession regime, initially foreseen for this year.

- Corporations may, exceptionally, postpone their annual general meeting for seven months counting from the end of its fiscal year. Exceptionally during the year of 2020, the Securities and Exchange Commission (CVM) may extend the deadlines for publicly held companies to present the financial statements.

- ANATEL (National Telecommunications Agency), which took over a claim from the companies and suggested to the government the creation of a monthly voucher so that customers with a lower purchasing power can maintain their cell phone accounts. The proposal is for this monthly voucher to be R $ 30, effective for the next three months, and to be funded with funds from FISTEL (Telecommunications Inspection Fund).

- ANEEL (National Electric Energy Agency) authorized the transfer of US$ 400 million (R$ 2.022 billion) to guarantee liquidity to companies in the electricity sector during the crisis generated by the coronavirus pandemic. The funds will come from a reserve fund composed of charges charged to the electricity bill.

- On 15th April, the Brazilian Federal Government passed a Provisional Measure (MP n°951) which amends Law No. 13,979 and disposes the following administrative measures to support COVID-19 fighting efforts:
  - Enables the use of the price registration system in the event of waiver of bidding for the acquisition of goods, services and inputs intended to face the public health emergency arising from the coronavirus, when whether it is a purchase or contract by more than one body or entity.
  - Authorizes the federative entity to choose to apply the federal regulation on price registration, if there is no specific regulation.
  - Establishes that it is up to the Registration Authorities of the Brazilian Public Key Infrastructure - ICP-Brasil, entities operationally linked to a certain Certification Authority, to identify and register users, forward certificate requests to the CAs and keep records of their operations.

- On 15 April, the External Financing Commission (COFIEX), coordinated by the Special Secretariat for Foreign Trade and International Affairs of the Ministry of Economy, streamlined procedures for the evaluation and authorization of public sector projects and programs.
  - The objective is to accelerate the release of resources from international organizations such as the World Bank, New Development Bank, Inter-American Development Bank (IDB), Latin American Development Bank (CAF) and others. This measure supports actions by municipalities, states and the Federal District aimed at preventing and combating the new coronavirus and its economic effects.

- Under this streamlined process, COFIEX will resolve within ten days on each claim received. In addition, analysis criteria have been simplified, which for now will stick to the Payment Capacity and a technical analysis.

- Regulatory Agencies of the Trasportation Sector (ANTT, ANTAQ and ARTESP) relaxed the terms for complying with contractual and regulatory obligations due to the COVID-19 pandemic. Among the extended deadlines, there are authorizations and licenses for the transport of goods and passengers by road (ANTT), charter services in the State of São Paulo (ARTESP) and submission of financial statements by agents who have a lease, transition or ticket (ANTAQ).

Customs Measures
Duty relief
- Temporary reduction of the Tax on Industrialized Products (IPI) rates on the products mentioned in the Decree No. 10.285 of March 20, 2020
- Temporary reduction in the rate of the Import Tax under article 50, paragraph d, of the Treaty of Montevideo of 1980, internalized by Legislative Decree No. 66 of November 16, 1981, with the purpose of helping to prevent the Corona Virus / Covid-19 pandemic
- Temporary reduction, to zero percent, of the rate of the Import Tax under Article 50, paragraph d, of the Treaty of Montevideo of 1980, internalized by Legislative Decree No. 66 of November 16, 1981, with the objective of helping to prevent the Corona Virus / Covid-19 pandemic

Customs clearance
- Simplification and acceleration of the customs clearance of imported goods destined to combat Covid-19. The measure is focused on keeping a fast flow of goods, commodities and raw materials to combat the pandemic, as well as speeding up the delivery of cargos. In addition, includes imports promoted by certified importers in the modality AEO (Authorized Economic Operator) in a more simplified import procedure
- Changes the SRF Normative Instruction No. 680/2006, which regulates the customs clearance of imports
- Possibility of registration of Import Declaration, before the release of goods, in the jurisdictions of this Customs, for goods listed in Annex II of IN SRF No 680/2006, while the measures to combat the Coronavirus (Covid-19)

Export
- Changes Ordinance No. 19/2019, which provides for the issue of licenses, authorizations, certificates and other public export documents through the Single Foreign Trade Portal of the Integrated Foreign Trade System (Siscomex), to provide the Special Export License for Covid-19 Combat Products.
- Prior authorization for the export of chloroquine and hydroxychloroquine, azithromycin and their salts intended for Covid-19 combat.
- Ban on exports of medical, hospital and hygiene products essential to fighting the Coronavirus epidemic in Brazil. (Legislative Proposal, No. 668/20, pending).
- The immediate release of the use of materials, medicines, equipment and supplies in the health area to assist in combating the pandemic of Covid-19 occurs, amending Law No. 6,360, of September 23, 1976 (Legislative Proposal No. 864/20, awaiting Federal Senate review)

https://home.kpmg/xx/en/home/insights/2020/04/brazil-government-and-institution-measures-in-response-to-covid.html.

Foreign interest drives Brazil's infrastructure plans
Latin Finance, May 1, 2020
Joe Rowley
Brazil's government will push ahead with its infrastructure concession schedule both during and after the coronavirus pandemic due to interest from foreign investors in highway, port and water projects, Infrastructure Minister Tarcísio de Freitas said on Thursday.

"We are continuing our activities structuring projects because, in fact, the projects have a large capex, so we are keeping the concession program going," Freitas said during an online event hosted by Itaú BBA.

"We were talking to market participants and with market players and they said [they] are ready, so you can move ahead," he added.

The Infrastructure Ministry plans to release bidding documents for two terminal concessions at the Port of Santos in the state of São Paulo in May after receiving approval from the federal audit office TCU, Freitas said.

He added that the TCU is currently considering concessions for four terminals at the ports of Aratu-Candeias in Bahia, Santana in Amapá and Maceió in Alagoas.

Federal waterways transport agency ANTAQ cancelled the auction in late March for a 25-year passenger terminal concession at the port in Fortaleza, the state capital of Ceará, due to the impact of coronavirus.

Total cargo handling in private and public ports declined more than 56% in the first quarter this year compared to the same period last year, according to figures from ANTAQ.

Besides port terminals, Freitas said the government is considering options to re-tender airport concessions for Viracapos in São Paulo and São Gonçalo do Amarante in Manaus and has received inquiries from international firms about several highways concessions in various stages of development.

Creditors for the operator of Viracopos airport approved a debt restructuring plan in February that paved the way for the Brazilian government to re-tender an airport concession for the first time.

"We are receiving a lot of interest for foreign companies and they are trying to really understand the concessions asking a lot of questions, so it seems like there is a lot of interest in these assets," he said.

After the crisis
Freitas also dismissed as "fantasies" concerns from market participants and local politicians that the government's post-coronavirus reconstruction plan deliberately excluded Economy Minister Paulo Guedes and could lead Brazil to overshoot the spending ceiling introduced in 2017.

There has been a lot of misunderstanding and false information about the Pró-Brasil plan, Freitas said. The plan has been described as a Marshall Plan for Brazil and envisages major investment in public works to help the country recover after the coronavirus.

The Marshall Plan was a recovery program funded by the US government to help rebuild Western Europe after the end of World War II.

Freitas also described as "fantasies" speculation that members of the military were deciding economic policy and he said that the government already planned to launch an infrastructure plan before the outbreak of the coronavirus.

"We really need to make changes in a business-friendly environment... and the name of the plan, Pró-Brasil, is pro-business and aligned with the aims of Paulo Guedes and his ministry. He is the great driver of this plan and the road to prosperity," Freitas said.
https://www.latinfinance.com/daily-briefs/2020/5/1/foreign-interest-drives-brazils-infrastructure-plans

New regulation on open banking in Brazil
Press, May 8, 2020
New regulation on open banking allows the sharing of data and services among financial institutions, payment institutions and other institutions licensed by the BCB — through the opening and integration of systems, in a safe, swift and convenient environment. The initiative is aligned with the objectives of the Agenda BC#, under the scope of the Competitiveness Dimension.

The newly issued regulation on open banking ('Sistema Financeiro Aberto') enables the sharing of registration and transactional data from individuals or legal entities through a secure, prompt, accurate and convenient manner — at the customers' discretion, in the case of data and services that identifies the customer. It is an important step in the process of digitizing the financial system, creating an environment conducive to the emergence of new solutions for inclusive, competitive, safe and suitable provision of financial services.

Expected benefits
Besides allowing financial services being integrated in the customer's digital journey, open banking also aims at reducing information asymmetry between financial services providers, thus favoring the emergence of new business models and new forms of relationship between participating institutions, their customers and partners. Among the new services that can be offered, it is worth mentioning comparison platforms for financial products and services, financial advisory, financial management, more friendly procedures for payment initiations, etc.

The normative acts provide for the scope of data and services to be shared, the participating institutions, the client's consent and the procedures and controls for costumer's authentication. Moreover, the regulation establishes rules and principles for the dedicated interfaces employed for the sharing that shall be observed by participating institutions, which shall agree to commit to a convention defining technical standards and operational procedures for open banking implementation.

Participating institutions are responsible for ensuring the reliability, integrity, availability, security and confidentiality of data and services they share, as well as for meeting customer demands and supporting other participants.

Phased implementation
The open banking in Brazil will be implemented gradually, from November 2020 to October 2021:

- **Phase** I – up to November 2020: public access to information from participating institutions regarding their customer service channels and their products and services related to demand deposit or savings accounts, payment accounts or credit operations;

- **Phase II** – up to May 2021: sharing of customers' or their representatives' registry information, and the customers' transactional data related to products and services listed in Phase I;

- **Phase III** – up to August 2021: sharing of services of initiating payment transactions and forwarding loan proposals; and

- **Phase IV** – up to October 2021: expansion of the scope of covered data, in order to include foreign exchange operations, investments, insurance, and open pension funds, among other financial products.

CMN-BCB Joint Resolution No. 1/2020
BCB Circular No. 4,015/2020
Open_Banking_Infochart
https://www.bcb.gov.br/en/pressdetail/2330/nota

Brazil's central bank suggests more rate cuts to come
Latin Finance, May 7, 2020
Monetary policy committee says it could cut the already record low benchmark rate by another 75 basis points in june.
The monetary policy committee at Brazil's central bank said it could cut the benchmark Selic interest rate by as much as another 0.75% at its next meeting in June "to counteract the economic consequences of the COVID-19 pandemic."

The committee, known as Copom, unanimously voted to lower the Selic by 0.75 basis points to 3%, a record low, on Wednesday, concluding that the economic slump calls for "an unusually large monetary stimulus," it said in a statement. Economists were forecasting a 50 bps cut to the Selic.

Two members on the committee advocated for a cut of 150 bps but Copom said it "chose to provide a more moderate stimulus."

Meanwhile, inflation could fall short of the target range if the economy remains sluggish for a prolonged period, but it could rise above expectations if the government's response to the coronavirus pandemic jeopardizes economic reforms, Copom said.

Copom expects inflation to come to 2.4% in 2020 and 3.4% in 2021, while the Selic ends the year at 2.75% and next year rises to 3.75%.

"In our assessment, more than growth and inflation it will be the fiscal, FX, and capital account developments that will be key to determine whether the Copom cuts another 75bp, or less than that," Alberto Ramos of Goldman Sachs wrote clients late on Wednesday.

"Overall, Brazil is moving rapidly towards a zero real rates uncharted financial territory. The economy never operated in such an environment. It may turn out that the new territory is market friendly and hospitable, but we do not know until we operate there for a bit," he said.

The Brazilian real steadily lost ground ahead of the Copom decision. It was around 5.7140 reais to the greenback, just shy of an all-time low reached last month.
https://www.latinfinance.com/daily-briefs/2020/5/7/brazils-central-bank-suggests-more-rate-cuts-to-come

Brazilian municipalities received non-reimbursable funds from FONPLATA to addressn the COVID-19 emergency
News, May 5, 2020
The Development Bank granted US$300 thousand to support different programs of the municipalities of Itajaí, Criciúma, Corumbá, and Ponta Porã aimed at purchasing medical supplies and adapting intensive care units. Disbursements are made within the framework of the support lines made available by FONPLATA to the member countries due to the coronavirus pandemic.

In this case, it involves the approval of four non-reimbursable cooperation agreements that total US$300 thousand, to be executed by the governments of each municipality.

Thus, in the State of Santa Catarina, US$100 thousand were granted to the municipality of Itajaí to purchase equipment to adjust intensive care units (ICU), and US$100 thousand, to the municipality of Criciúma to support the “Treatment Center for Persons with COVID-19”.

In the State of Mato Grosso do Sul, US$50 thousand were granted to the municipality of Corumbá to purchase equipment to adapt the ICU, and US$50 thousand, to the municipality of Ponta Porã for the purchase of reagents for the COVID-19 rapid diagnostic tests and basic food baskets to help mitigate the negative effects caused by the spread of covid-19.

In the face of the health emergency, FONPLATA made financial support available to all its member countries, through different special lines of approval and disbursement to reinforce and support the actions already carried out by the nations to address the socioeconomic effects of coronavirus in the region.
https://www.fonplata.org/en/news/07-05-2020/brazilian-municipalities-received-non-reimbursable-funds-fonplata-address-covid-19-emergency

- **MEXICO**

Development bank announces US $12bn to support business Program will provide loans to up to 30,000 small and medium-sized businesses
Mexico News daily, April 27, 2020
The Inter-American Development Bank (IDB) and the Mexican Business Council (CMN) have announced a loan scheme that will provide up to US $12 billion a year to small and medium-sized businesses to help them through the coronavirus crisis.

IDB Invest, the development bank’s private sector arm, and the CMN, an elite group made up of 60 of the largest businesses in the country, said in a joint statement on Sunday that the program is supported by the federal Finance Ministry and will aim to provide loans to 30,000 businesses.

The two entities called for local commercial banks, international investors and other development banks to participate in the scheme in which small and medium-sized businesses will be offered loans “at very attractive rates.”

The aim, the statement said, is to offer revolving credit lines with an average term of 90 days. IDB Invest and the CMN are also seeking to build a $3-billion program in reverse, factoring lines of credit that would complement existing schemes run by the IDB in Mexico.

Reverse factoring is when a financial institution, such as a bank, commits to paying a company's invoices to suppliers at an accelerated rate in exchange for a discount.

With the $12-billion loan scheme, IDB Invest and the CMN are seeking "the expansion, acceleration and democratization of access to credit for small and medium-sized businesses that make up the value chains of large companies," the statement said.

"This is part of the strategy to support the economic stability of the [Latin American] region through the private sector, since maintaining liquidity in value chains and trade multiplies the social and economic benefits."

According to IDB Invest and the CMN, there are about 4.1 million small and medium-sized businesses in Mexico, and they contribute to 42% of GDP and create 78% of all jobs in the country.

However, just over one-fifth of them obtain financing from commercial banks, a situation that poses a threat to their survival, the statement said.

President López Obrador said on Monday that he wasn't opposed to the IDB Invest/CMN loan program as long as it doesn't come at a cost to public finances.

"If it's not at the expense of the [government] budget, go ahead, but if it is at the expense of the budget, I don't accept it," he said.

The president, who has been criticized for not offering enough support to business amid the coronavirus crisis, rejected the claim that the scheme had the backing of the Finance Ministry.

"We can't give that support because we don't want to put the country into debt," López Obrador said, adding that he doesn't like the way in which the IDB and CMN are trying to "impose their plans" on the country.

"It's not like before anymore; before the economic power and the political power were the same, they fed off each other, nourished each other, not anymore. The government now represents everyone, there is a separation between the economic power and the political power," he said.
https://mexiconewsdaily.com/news/coronavirus/bank-steps-in-with-us-12bn-to-support-small-business/

- **URUGUAY**

Uruguay considers bonds to fund coronavirus relief
Latin Finance, May 7, 2020
Charles Newbery
Uruguay is considering selling bonds on international markets if the conditions are right, even as it lands new financing from multilateral lenders to get through the COVID-19 pandemic.

"The government will continue to monitor the evolution of the external market, looking for a cost-efficient window of opportunity," the Public Debt Coordination Committee said late Tuesday in a statement after its latest monthly meeting.

The committee, made up of representatives of the central bank and the Economy Ministry, said it is not in a hurry to go to the market, saying that the sovereign has built up enough "financing flexibility" with precautionary lines of credit to wait for the best conditions.

Those conditions could come soon, however. "The market is on firmer footing today," Economy Minister Azucena Arbeleche said in an interview with El País newspaper published on Sunday. "Some emerging markets have entered the market. We will monitor the situation and not rule out any financing instrument."

Last month, Uruguay signed a three-year memorandum of understanding with the Japan Bank for International Cooperation (JBIC) to work together on the sale of yen-denominated bonds.

Uruguay has enough liquidity to take its time to tap the markets, Arbeleche added.

Multilateral lenders have provided US$800 million in credit at low rates, according to the Public Debt Coordination Committee.

On Tuesday, Latin American development bank CAF awarded a US$50 million loan to Uruguay to fight the COVID-19 pandemic and mitigate its impacts on the economy and public health system.

The country also became a member this week of the Asian Infrastructure Investment Bank (AIIB), another source of multilateral financing for the future, according to a statement from the Economy Ministry
https://www.latinfinance.com/daily-briefs/2020/5/7/uruguay-considers-bonds-to-fund-coronavirus-relief